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Daily Report

China

FBIS-CHI-94-239
Tuesday
13 December 1994

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Daily Report

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General

Sutherland Says Beijing Should Be WTO Member

OW1212143394 Beijing XINHUA in English 1423
GMT 12 Dec 94

[FBIS Transcribed Text] Canberra, December 12 (XINHUA)—Director-General of the General Agreement on Tariffs and Trade (GATT) Peter Sutherland said today that China should be a member of the World Trade Organization (WTO).

He also said that China's pull-out of the negotiations would "not be a good thing," since China, as a major trading nation, has a major role to play in the world economy.

Sutherland worded this via a satellite network to the Conference of the Confederation of Asian Chambers of Commerce and Industry held in Perth today.

He said that "the Chinese government has said that unless substantive agreement is reached, they will not take any further steps in the negotiation process, and that their final offers will be put on the table at that time."

"I take this as a serious indication of intention. Much therefore depends on what would happen between now and the end of the year," the Australian Associated Press quoted him as saying.

Sutherland said the negotiations for China's re-entry into the GATT, which have been lasting for eight years, is at a "very sensitive and difficult stage."

"The Chinese government has indicated a political demand that the substantive negotiations be concluded by the end of the year," he said.

The GATT director general said that time is running out and "we are at a stage now when it is a couple of weeks from the end of the year and much remains to be done."

He said that "I don't say it is impossible to conclude a substantive agreement ... The negotiations are literally taking place as we speak."

"In principle it is clearly desirable that in a world trade organization, the sixth largest trader—if you take the European Union as one—which is China, should be part of the system rather than outside of it," Sutherland stressed.

GATT Meeting To Decide on Conclusion of Talks

OW1312005394 Beijing XINHUA in English 2259
GMT 12 Dec 94

[FBIS Transcribed Text] Geneva, December 12 (XINHUA)—The Working Party on China of the General Agreement on Tariffs and Trade (GATT) will hold a formal meeting next Tuesday which among other things

will decide if the substantive talks on China's re-entry will be concluded by the year-end, the chief negotiator of China said today.

Before the formal meeting, the Working Party will start informal discussions on the accession protocol Tuesday, Long Yongtu, also Minister Assistant of Foreign Trade and Economic Cooperation, told XINHUA after his meeting with the Working Party's Chairman Pierre Girard.

China's Vice Minister of Foreign Trade and Economic Cooperation, Gu Yongjiang, Vice Director of the State Commission of Economy and Trade, Yu Xiaosong, will arrive in Geneva in the coming few days and attend the meetings.

China has been negotiating with the European Union (EU), Japan, the United States and some other countries since November 28 after setting a year-end deadline for concluding the substantive talks.

Negotiations continued between China and the United States over the weekend. According to Long, the talks were "difficult and serious". China also held negotiations with the EU, Japan and Australia today respectively.

Sino-Europe Trade Grows Using Ancient Silk Road Route

OW1212170494 Beijing XINHUA in English 1613
GMT 12 Dec 94

[FBIS Transcribed Text] Urumqi, December 12 (XINHUA)—After decades of silence, the Eurasia Continental Bridge, which connects China with Europe via the Middle Asia, is once again resounding as it plays a role in the prosperous trade in this region.

According to officials, by the end of November the total amount of goods moved by the railway between Ala Tow Pass and Deluriba [spelling of placenames as received] Mountain Pass exceeded 540,000 tons, twice the tonnage of the same period last year. The railway between China and the former Soviet Union was connected up in September, 1990, and it started to handle goods in 1991. By end of July this year, the total amount of freight carried by the railway reached 1.7 million tons and the total number of passengers carried exceeded 46,000.

The continental bridge has shortened trade routes by 9,000 km and saved 20 percent to 30 percent of the total cost of transportation from Lianwengang Port in East China to Europe, a journey that had to be made by sea in the past.

In October this year, railway ministers from seven nations of China, Russia, the Republic of Kazakhstan, the Republic of Tajikistan, Turkmenistan, Kyrgyzstan, and Tajikistan [as received] held a meeting in Beijing and signed an agreement to guarantee transportation by this railway. This opened a new era of the ancient "silk road".

Envoy Proposes Ways To Solve UN Financial Difficulties

OW1312014494 Beijing XINHUA in English 2153
GMT 12 Dec 94

[FBIS Transcribed Text] United Nations, December 12 (XINHUA)—Chinese deputy representative to U.N., Wang Xuexian, on Monday [12 December] proposed three ways of solving the United Nation's financial difficulties.

Speaking at a General Assembly meeting on the current financial situation of the world body, Wang said all member states, particularly those who were able to pay but had delayed payment owing to the lack of political will, should be urged to faithfully fulfill their Charter obligations by paying their assessments in full and on time.

The second way, he said, is that the UN should act within its means in respect of peace-keeping operations. The Security Council, in authorizing each peace-keeping operation, should repeatedly and prudently consider its necessity, feasibility and practical result, as the organization neither can nor is able to undertake all peace-keeping tasks.

At the same time, the Security Council should take into full consideration the burden-bearing capacity of member states, particularly that of the developing countries, and should refrain from giving priority consideration to number or scope in this regard, he continued.

The third way is to establish and improve relevant rules and regulations, strengthen financial discipline, put an end to waste and practice stringent economy so as to effectively use every cent paid in by member states, he said.

He pointed out a fact that a member state, which had the capacity to pay, attempted to pressurize, out of its own domestic political needs, the organization into reducing its financial obligations only to shift the burden onto others, even onto those developing countries with inadequate capacity to pay. This was not acceptable, he stressed.

In his report on the Work of the Organization submitted to the current Assembly, UN Secretary-General Butrus Butrus-Ghali said "the continued failure of some member states to fulfill their legal obligations to pay assessed contributions in full and on time places the organization in a difficult financial situation."

According to UN statistics, as of November 30, the organization was owed an overall total of 2 billion U.S. dollars by member states. Of that amount, 510 million dollars is for the regular budget and 1.5 billion dollars is for peace-keeping operations.

Li Lanqing Addresses World Customs Conference

OW1312112294 Beijing XINHUA in English 1059
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—Heads of customs offices from a score of countries are attending the 32nd conference of the Policy Commission of the World Customs Organization (WCO), which opened here today.

During the four-day conference, the delegates will discuss issues relating to the strategic development plan of the WCO, customs reform, the establishment of customs data banks and the reinforcement of information exchanges between customs services of different countries.

At the opening ceremony of the conference, Chinese Vice-Premier Li Lanqing spoke highly of the active role the WCO has played in promoting coordination and simplification of customs procedures, and streamlining world trade.

Li said that the Chinese customs, as always, will communicate and co-operate with the WCO and customs services of various countries in a sincere and serious way.

The WCO, headquartered in Brussels, now has 136 member countries. Nine years after it joined the organization, in July 1983, China was elected a commissioner of the Policy Commission of the WCO, and became the commission's representative in the Asia-Pacific region last year.

U.S., France Want UN Forces To Remain in Bosnia

OW1312014394 Beijing XINHUA in English 2330
GMT 12 Dec 94

[FBIS Transcribed Text] Washington, December 12 (XINHUA)—Both the United States and France consider it important to keep the UN Forces in Bosnia and try to avoid a forced withdrawal from there.

Both Washington and Paris believe that the UN Peace-keepers "perform a very valuable job," U.S. Defense Secretary William Perry said Monday [12 December] at a Pentagon news conference with his French counterpart Francois Leotard.

The two defense chiefs met here to discuss the situation facing the 23,000 UN Forces in Bosnia and the possibility of U.S. military cover for any withdrawal if it becomes necessary.

Leotard said, "My government does not wish to see this withdrawal take place." Such a move, he explained would lead to the spreading of war beyond the former Yugoslavia, the intensification of violence and an undermining of the credibility of NATO and the United Nations.

Perry said that he discussed with Leotard "ways of making UNPROFOR (UN Protection force) more effective."

Asked how to strengthen the UN Mission in Bosnia, he said the UN Forces should consider "not only more troops and more arms but new rules of engagement." regrouping UN Troops to "more defensible positions" is one of the options, he indicated.

Leotard proposed creating a "humanitarian corridor that would go from the Adriatic coast to Sarajevo" and providing it with heavy military protection.

A senior Pentagon official was quoted as saying that the French proposal was simply "one of many options under discussion."

Even the United Nations accepted the idea, this official hinted, the United States would not supply ground troops to support it.

Leotard also suggested bolstering actions in the field such as providing security at the Sarajevo Airport or strengthening the protections of allied supply convoys.

In response, Perry indicated that the U.S. was willing to use air power to protect the convoys, which he said "would be quite effective."

They also discussed the contingency of U.S. military cover for a possible pullout of British, French and other allied peacekeeping troops.

Perry reasserted the Clinton administration's position that if a withdrawal became necessary and the United States were asked to send ground troops to help the evacuation, it would do so "with overwhelming military strength."

A number of well-armed brigades would be required for such a rescue operation, he said, but "the exact number of brigades and the exact plan are still under discussion."

Official sources disclosed that Washington is ready to provide up to 25,000 troops to cover a possible Bosnian retreat. A full-strength U.S. brigade has some 5,000 troops.

The Perry-Leotard meeting is seen here as an attempt to mend the strained relations between Washington and Paris which worsened recently because of differences over the Bosnia crisis.

Kozyrev Expects 'Difficult' Talks With Gore

OW1312040094 Beijing XINHUA in English 0259
GMT 13 Dec 94

[FBIS Transcribed Text] Moscow, December 12 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said here today that he expected talks with U.S. Vice President Al Gore and Defense Secretary William Perry in Moscow to be "quite difficult," the Itar-Tass news agency reported.

Gore and Perry are scheduled to arrive in Moscow later this week and Gore is expected to have talks with Prime Minister Viktor Chernomyrdin and other officials before leaving on Friday [16 December].

No details were given on Perry's visit and it was not clear if Kozyrev would meet them.

Although "the discussion of a number of issues will be quite difficult," there is no reason to "dramatize" the current dialogue between Russia and the U.S. because the two countries are connected by their "firmly standing by the partnership framework," Kozyrev said.

"This is not a return to the 'Cold War,'" he stressed. "It is all within the framework of partnership between democratic governments."

Russia clashed with the U.S. over the eastward expansion of NATO and other issues at the European security summit last week and President Boris Yeltsin even claimed that the Cold War could be replaced by a "cold peace."

Kozyrev said Russia would not try to veto any plans by NATO but its national interest should be considered within the security structure of Europe.

"We are not claiming a veto on, let's say, what NATO does, but we oppose not being listened to. Russia is a part of Europe, a great power in Europe, and we have immense interests and that is completely natural," he said.

'Roundup' Views Foreign Investment in Shanghai

OW1312041294 Beijing XINHUA in English 0200
GMT 13 Dec 94

[["Roundup: Overseas Funds Used by Shanghai To Top 10 Billion Dollars"]]

[FBIS Transcribed Text] Shanghai, December 13 (XINHUA)—Shanghai's use of foreign investment is to top 10 billion U.S. dollars this year, according to an official report.

The report from the Municipal Foreign Economic and Trade Commission showed that the overall agreed foreign investment in the first eleven months this year reached 9.162 billion U.S. dollars, 31 percent up over that for the whole of last year.

The city has experienced a sustained growth in the use of foreign investment in the past three consecutive years, according to the report.

Since 1992 when the Chinese government decided to build Shanghai into an international center of economy, finance and trade, the city's use of foreign funds has multiplied.

Some 2,012 foreign-funded projects were approved in 1992, involving an overseas investment of 3.357 billion

U.S. dollars, about 6.5 times the figure of 1991, or equal to the total for the 13 years after 1979.

In 1993, the number of foreign-financed projects and the use of foreign funds in the city were again 181 percent and 11 times that of 1992.

The report showed that the city approved 3,502 such projects by foreign firms from 55 countries and regions around the world in the first 11 months of this year, approaching the total of 1993. The gross overseas investment was about 131 percent of the figure for 1993.

This means that the city has approved 10.5 projects per day this year on the average, with an average foreign investment of 2.74 million U.S. dollars.

Local economists attributed the sustained growth of foreign investment in Shanghai over the past three years to its growing importance in world economic development and its improvement of investment environment.

According to a recent survey, over 80 percent of the 5,000 foreign-funded joint ventures operational in the city are making profits, with their total sales volume in the first nine months of this year reaching 58.7 billion yuan, a sturdy 138 percent rise from the same period of last year. Their profits topped 6.3 billion yuan, doubling the figure of last year.

The survey conducted by the Municipal Foreign Economic and Trade Commission showed that by the end of November this year, a total 63 countries and regions throughout the world had built 10,441 joint ventures in Shanghai, involving 22.868 billion U.S. dollars.

Investment from the United States, Japan and Hong Kong has multiplied over the past years. Investments from Hong Kong have increased 14 times and the number of projects funded by the United States is up 8.2 times.

The transnational companies which have invested in Shanghai topped 146 this year, according to the survey.

Also, foreign investment in the past years has expanded to many different areas including finance, real estate, business, transport, education, culture, medical care and insurance.

With the rapid development of the service industry, foreign investment in the sector has risen markedly in the past years, accounting for 55.5 percent of the total.

Moreover, great changes have taken place in the investment modes, including stock-sharing and "BOT" (build-operation-transfer).

Hainan Attracts Transnational Companies

OW1312061494 Beijing XINHUA in English 0536
GMT 13 Dec 94

[FBIS Transcribed Text] Haikou, December 13 (XINHUA) -The overall economic strength of Hainan Province, the largest special economic zone in China, will

soon be markedly enhanced as several large-scale industrial and agricultural projects have started, local officials said.

According to sources at the provincial planning department, the Hainan Hohbond International Petrochemical Company Ltd will invest 1.48 billion U.S. dollars to build a large petrochemical plant, which will be able to process six million tons of crude oil a year.

The quay project of the plant has started, and relevant oil-processing equipment has arrived. With the completion of the plant, the industrial output of Hainan will be double the present figure.

A Taiwan-funded cement plant will also be set up, with a total investment of 250 million U.S. dollars. The plant will be built in four phases over the coming ten years. The first phase, with a capacity of 30,000 tons a year, is well under way.

Meanwhile, the Hainan Taiyang Agriculture and Tourism Development Company will invest 180 million Hong Kong dollars to develop a 133-ha [hectare] coastal zone for both agriculture and tourism.

In terms of recreational and residential facilities, a villa area, covering 26.7 ha and costing 100 million U.S. dollars, is under construction.

With the construction of these projects, the investment environment in the province will be much improved, provincial officials said.

Meanwhile, more and more transnational companies are paying attention to Hainan, such as the Metro Goldwyn Mayer and Chrysler companies of the United States, the Siemens and AEG companies of Germany and the Daewoo company of the Republic of Korea.

Chinese, Foreign Experts Discuss Hydro Power Growth

OW1212164894 Beijing XINHUA in English 1630
GMT 12 Dec 94

[FBIS Transcribed Text] Hangzhou, December 12 (XINHUA) -About 50 Chinese and foreign experts met here today on the establishment of the International Network on Small Hydro Power and the International Small Hydro Power Center of the United Nations.

The participants of the four-day conference are from the United Nations Development Program (UNDP), the United Nations Education, Scientific and Cultural Organization (UNESCO), and regional organizations in Latin America, Africa, Europe, and the South Pacific, including Indonesia, Malaysia, and Fiji.

Zhang Chunyuan, Vice-Minister of Water Resources, addressed those present at today's opening ceremony. He told them that China has nearly 50,000 small hydro-power stations with a total installed capacity of 18 million kw and an annual generating capacity of 54 billion kwh.

He said that the establishment of the International Network on Small Hydro Power will surely promote the development of this kind of hydro-power in China as well as throughout the entire world.

Zhang expressed his willingness to learn from foreign countries in the development of small-hydro power while calling for enhanced cooperation in such areas.

Today's meeting ended with the announcement of the International Network on Small Hydro Power after officials from the Ministry of Foreign Trade and Economic Cooperation, the Zhejiang provincial government, and from the UNDP spoke.

Rabin, Murayama 12 Dec Tokyo Talks Viewed

OW1212170394 Beijing XINHUA in English 1643
GMT 12 Dec 94

[FBIS Transcribed Text] Tokyo, December 12 (XINHUA)—Visiting Israeli Prime Minister Yitzhak Rabin and his Japanese counterpart Tomiichi Murayama today expressed their willingness to increase bilateral cooperation.

During their talks, the first such between the two Prime Ministers, Rabin was quoted as saying that Israel hopes to strengthen its ties with Japan, especially in the economic field.

Rabin told reporters before leaving for Japan that the most important target of his visit is to establish "business-like" relations with Japan.

The two sides also signed a treaty on scientific and technical cooperation, under which their Joint Commission on Science and Technology Cooperation will meet every two years to exchange views on research.

Official sources say that Japan and Israel will later sign an aviation accord and agree to strive for cooperation in other fields.

On the Middle East Peace Process, Murayama spoke highly of the significant role played by Rabin in giving impetus to the effort for peace in the Middle East.

He also expressed the hope that Syria and Israel would make further peace efforts, and said that if Syria and Israel were in a state of conflict, the peace in the Middle East would remain extremely vulnerable.

Rabin, co-lauriate of the 1994 Nobel Peace Prize, pledged during the talks to fight terrorism, and vowed to strive for promotion of the Middle East Peace Process. During his visit, the Israeli Prime Minister is scheduled to meet leading members of the Japanese Government and Japanese business leaders.

Rabin will conclude his visit on Wednesday, and continue his trip to South Korea.

United States & Canada

Spokesman Announces Cancellation of Pena Visit

HK1312004094 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 94 p 1

[By Ted Plaister in Beijing]

[FBIS Transcribed Text] An official visit to China by United States Transportation Secretary Federico Pena has been cancelled after he was told he would not be welcome following his trip to Taiwan last week. "Under the circumstances, it is difficult for China to accept this visit next month," a Chinese Foreign Ministry spokesman said yesterday.

A US Embassy spokesman in Beijing confirmed the cancellation of Mr Pena's trip to Beijing and several other cities, scheduled for January 7-20. "In terms of protocol, this is a rather severe thing to do, but not surprising given Beijing's sensitivity over the Taiwan issue at the moment," said one Western diplomat.

Repeating charges levelled during Mr Pena's milestone visit to Taipei last week, the Foreign Ministry said "the US side repeatedly ignored representations made by the Chinese side and sent the Transportation Secretary to Taiwan". "This seriously violates the principles of the three Sino-US Joint communiques and breaks the repeated promise made by the US side not to have any official contact with Taiwan."

The joint communiques are a series of statements issued by the two sides since 1972 in which Washington adopted a one-China policy, and agreed to recognise Beijing as the sole legitimate Government of China. Mr Pena's Taipei visit was made possible by a change in US policy, announced in September, permitting high-level official contacts for the first time since Washington broke off formal diplomatic relations with Taiwan in 1979. While in Taiwan, Mr Pena made a series of remarks that were certain to offend Beijing's sensibilities. He had told President Li Teng-hui that he hoped more US Cabinet officials would visit Taiwan in the future.

Mr Pena is not the only high level US official to cancel a planned visit to Beijing. Madeline Albright, the US Ambassador to the United Nations, will not be making the trip to Beijing that had also been scheduled for mid-January. According to a diplomatic source, she intended to visit several Asian nations but has had to cancel because her schedule is too hectic. "She looked at her calendar and decided there's too much going on in the UN just now," he said.

Article Views U.S. 'Political Willingness' on Talks

HK1212134994 Hong Kong WEN WEI PO in Chinese 10 Dec 94 p A2

[By special correspondent Ching Kuan (1987 1401); from Geneva on 9 December "Where Does the Crux of the Talks on China's Reentry Into GATT Lie?"]

[FBIS Translated Text] In the final stage of the substantive talks on China's reentry into GATT, another round of Sino-U.S. bilateral talks began on 5 December and had entered its third day when this report was written. The talks were being held in secret, but it was said that the talks were still going on under difficult conditions. Therefore, what made the talks so difficult?

Deadline

Sources said that because the Chinese delegation had set a deadline for the talks and required that the talks be concluded by the end of 1994, the U.S. delegation regarded this as China's "ultimatum." Not only did this reporter find it hard to agree with this opinion, but some observers here also held different opinions. A signed article published in JOURNAL DE GENEVE said that the talks on China's reentry into GATT had lasted eight years, so "a certain expression of impatience" was understandable. In fact, there was no lack of precedent in the practice of international trade talks for one of the parties concerned to set a deadline for the talks. The most typical example was the GATT Uruguay Round talks. It was originally planned to hold the "final meeting" of the Uruguay Round talks in Brussels in September 1990, but no result was achieved because various major GATT signatory states insistently demanded that other sides make concessions, and the talks lasted seven years. Finally, the GATT Secretariat could not but make an unchangeable decision and decided that the Uruguay Round talks would be concluded by 15 December 1993. Wasn't that a deadline for the talks? Moreover, as the deadline set by the Chinese delegation for concluding the talks on China's return to GATT was only relevant to the Chinese side and was not relevant to the U.S. side, how could this be taken as an "ultimatum"?

Too Harsh Demands

According to sources, in the Sino-U.S. talks on China's re-entry into GATT, the U.S. side brought up many questions that were related merely to bilateral trade, such as the trade imbalance. This is a longstanding problem, and is caused by the differences in the statistical methods used by the two sides. Such issues should be discussed in bilateral trade talks rather than the talks on China's return to GATT, which are multilateral talks on the terms for China's participation in the multilateral trade system. These are two totally different subjects. If this point is not clarified, the talks will deviate from the right course. No wonder some opinions published in the Geneva press held that if such deviation continued, "the sixth-largest trading power in the world would be excluded from the international trade organization," and this would be an unimaginable prospect.

The third difficult point came from the U.S. side's excessively harsh demands, which went beyond the bearing capacity of the Chinese economy. As a matter of fact, being a developing country, China's productive

forces remain in a backward condition. If such a developing country is forced to accept terms only bearable by economically developed countries, then this will certainly disrupt the economic order in that country. If economic disorder appears in such a large country as China, that can only have a disastrous impact on the world's economic development. However, on such a plain issue, the U.S. side still insisted on its harsh demands. Some people of insight in Geneva also found the U.S. stance on this issue rather "weird," as it had been discussed many times and what should be explained had all been explained explicitly, but the U.S. side still insisted on discussing it. No wonder some reporters who have been tracing the GATT issue are bored these days.

Things Depend on the Attitude of the U.S. Side

This reporter asked some veterans, who had rich experience in covering news and analyzing issues related to GATT since the Uruguay Round, what was the real crux of China's reentry into GATT. They generally held that the crux lay in the "willingness" of various major signatory states. China's return to GATT was an economic issue, but it would still be mainly determined by the political considerations of various sides in the talks, because the stances of various sides were based on their governments' political decisions. In the final analysis, therefore, the crux of the problems in the latest round of Sino-U.S. talks on China's return to GATT lay in whether the U.S. Government had the political willingness and could make a political decision not only according to its country's immediate business interests but also according to the long-term strategic consideration of promoting the development of the world economy and world trade so that things could be arranged in the light of China's national conditions and could be done in the common interests of both China and the United States and in a manner conducive to the healthy development of the world's multilateral trade system.

Daily Reviews U.S. Human Rights Diplomacy

HK1212133394 Hong Kong WEN WEI in Chinese
26 Nov 94 p A7

[By Wei Ming (7614 2494): "Performance of U.S. Human Rights Diplomacy in Latin America"]

[FBIS Translated Text] I. Violating the Sovereignty of Other Countries Under the Pretext of Human Rights

In our world today, human rights diplomacy is extraordinarily active and the United States is particularly so, busily appealing to the international community and beating the drums for "human rights" everywhere. Such being the case, U.S. ideas, policies, and practices in human rights diplomacy have become particularly eye-catching.

For geographical, historical, political, and economic reasons, the United States has peculiar relations with

Latin America and the Latin American Region is the key area for U.S. human rights diplomacy. Consequently, the practice of U.S. human rights diplomacy in Latin American has been most typical, with marked characteristics.

U.S. human rights diplomacy initially emerged in the 1960's and reached its peak during the Bush Administration. In early 1989 when Bush took the U.S. presidential office, he set out the "proposal on American enterprise." He carried on Reagan's "human rights diplomacy" and went all out to forward "economic liberalization" and "political democratization" in the Latin American Region. The world situation had gone through great changes since he had taken office. Drastic changes had taken place in the USSR and Eastern Europe, and the United States grew relatively powerful, meeting no opponents in the Latin American region. Such a situation enabled the Bush administration to push power politics in the region without any misgivings.

Toward the end of 1989, he ordered U.S. troops to invade Panama and overthrow the "disobedient" Noriega government, while propping up "friendly" forces. The Bush administration augmented the economic blockade and trade embargo against Cuba, while incessantly conducting military provocation, especially magnifying the "ideological offensive" in an attempt to overthrow the powers that be in Cuba. To overthrow the Nicaraguan Sandinista National Liberation Front, the Bush administration openly gave donations to the opposition in its presidential electoral campaign.

When Clinton took presidential office in early 1993, the Clinton administration spokesman made several statements that he would continue to implement Bush's Latin American policy, and "consolidate democracy and enlarge prosperity" with Latin American countries. The Clinton administration continued to add pressure on some Latin American countries on the grounds of "human rights" or "security." It insisted on implementing the economic blockade and trade embargo against Cuba, doing its utmost to force Cuba to "readjust" its internal and external policies. U.S. Government officials even stated that the United States would implement sanctions against the Dominican Republic because there had been "malpractice" in the presidential election in that country. Nevertheless, because of the changes in the international situation and the weakening of U.S. strength, Clinton has met great setbacks in U.S. military actions in both Somalia and Haiti. "Human rights diplomacy" based on naked military action is no longer so easy as it was in the Bush days. II. The Shaping of U.S. "Human Rights Diplomacy"

There has been a process in the shaping of U.S. human rights diplomacy, which began when John Kennedy was in office and took shape when Jimmy Carter took office.

The Originator, the U.S. Congress

On 20 January 1961, President John Kennedy took office. On U.S. policy toward Latin American countries,

he said in his inaugural speech: "Regarding our sisterly republics to the south, we set out a special guarantee—in a new alliance seeking progress; we shall change our good words into virtuous actions and help governments and people in the free world to get rid of the shackles of poverty." Soon afterward, the U.S. Congress adopted a "Foreign Aid Act," requiring the president to consider the issue of "personal rights" in providing foreign aid. Thus, the United States began to make preparations for a foreign policy characterized by the linking of foreign "economic aid" and "military aid" to the "human rights" issue.

In 1973, in its amendment of the "Foreign Aid Act," the U.S. Congress required the president to deny economic and military aid to the governments of those countries which apprehended or held in custody the citizens of their own countries. In 1974, the U.S. Congress added another clause to the "Foreign Aid Act" to stress that "a major target in foreign policy is to make all nations increasingly observe universally acknowledged human rights in the world" and to cut back or suspend security aid to those governments which had long violated human rights. In 1976, the U.S. Congress adopted a bill which required the government to make full use of U.S. functions and power in the American Development Bank to veto loans and financial or technological aid to nations violating human rights.

The ideas and demands set out by the Democrat-controlled Congress came under resistance from the Republican Presidents Nixon and Ford. In 1973, Nixon delivered a speech at the Congress, entitled "U.S. Foreign Policy in the 1970's: Establishing a Permanent Peace," in which he indicated: No matter what views a neighboring country holds regarding its internal affairs, to maintain U.S. interest there, it is imperative for the United States to maintain "cooperative relations with them.... We hope that these governments will observe their constitutional procedures; however, we have no obligations to provide answers on those issues for other sovereign countries."

The difference between the Congress and the administration evolved into party contention in the 1976 general election. In the Democrats program for presidential election set out on 15 June, it read: "The United States should be frank and cool in making diplomatic efforts to urge those countries accepting U.S. aid to respect human rights." As a candidate in the presidential election, Jimmy Carter naturally became the pacesetter hoisting the banner of "human rights."

Its Founder: Carter

At a campaign meeting on 8 September 1976, Carter expressed his disagreement with the idea that "there are no morals to speak of in foreign affairs; we must place our own interests above principle" which the Ford administration adhered to and believed that "when a government ill-treats its people, throws them in prison

because of their beliefs, badly handles its ethnic groups, or deprives them of the privilege of emigration, we cannot ignore it." He further pointed out in his inaugural speech in early 1977: "The world itself is dominated by a new spirit; those nations with larger populations and which are more conscious politically are yearning for and demanding their places in the world—not only because of their own material conditions but also basic human rights." This thinking by Carter embodied the U.S. tradition of "moral diplomacy" and the spirit of "contemporary humanism [ren dao zhu yi 0086 6670 0031 5030] in U.S. contemporary theory on international relations. U.S. "moral diplomacy" began in 1912 when Woodrow Wilson was elected president. He expressed the will to give up the "baton policy" and "dollar diplomacy" of his predecessors and advocated a revival of the U.S. "intrinsic moral," while "defending the criterion of justice and fairness with one heart and soul" at home and overseas. "Contemporary humanism" holds the view that the contemporary world has become increasingly interdependent; under such a condition, the United States should consider more of such issues as the Third World, economic development, and human rights in formulating its foreign policy.

Thus, Carter officially included the human rights issue in U.S. foreign policy based on the U.S. tradition of "moral diplomacy" and theory on "contemporary humanism." His Secretary of State, Vance, explained the specific policy of "human rights diplomacy": "From secret diplomacy in various forms to issuing open statement and ceasing aid." Of course, the fact that such "human rights diplomacy" initiated by the Democrats eventually developed into the Republicans brazenly sending troops to other countries, slaughtering their people, and forcing foreign leaders into exile overseas is perhaps something Carter, the pacesetter in "human rights," did not expect at the very beginning. III. Carter's "Human Rights Diplomacy" Was at First Popular Among Latin American People But It Turned Out to Support Some Autocrats on Several Occasions

Acute self-contradictions existed in the "human rights diplomacy" of the Carter administration and reflected the irreconcilable contention between its idealist diplomacy and the supreme principle of U.S. self-interest. First, "improvement in human rights condition" was linked to "foreign aid" with measures adopted toward some Latin American juntas. It announced the abolition of military aid to Uruguay; cutbacks in economic aid to Uruguay and military aid to Argentina; axing aid to Chile and Nicaragua; added pressure on Brazil, Bolivia, Guatemala, El Salvador, and Haiti, demanding they improve human rights conditions in exchange for aid; and it suspended arms sales for security purposes to Argentina, Uruguay, El Salvador, Nicaragua, and Guatemala to prevent their use in suppression. On the other hand, to express U.S. sincerity in respecting "human rights," Carter signed the "The American Human Rights Pact" on 1 June 1977, which the U.S. Government had rejected since 1969. Facing the resolute demands

through long-term struggles of Latin American countries in defending their sovereignty, the Carter administration signed a new "Panama Movement Treaty" with the Panama Government on 7 September 1977, which stipulated that the United States would gradually return the canal to Panama, step by step, before the year 2000.

The initial practice of Carter's human rights diplomacy in the Latin American region was welcomed and won the admiration of Latin American countries and peoples and promoted their struggles for democracy and freedom. In 1979, the Nicaraguan people overthrew the Samoza government. Nevertheless, U.S. President Carter could not disregard his own country's "security" and "interests." Under pressure from U.S. interest groups, his "human rights policy" had to retrogress after six months and he engaged in some activities which ran counter to the "human rights principle." In July 1977, the Carter administration set out the proposal to provide a \$10 million loan to the Chilean junta for purchase of U.S. wheat; not long afterward, Carter agreed to the American Development Bank providing a \$24.5 million loan to Chile and a \$90 million loan to El Salvador. Later, he approved the sale of \$2.5 million-worth of munitions to the Nicaraguan Samoza Government. In December 1977, he supported the American Development Bank in providing the Argentinian junta with a \$155 million loan. In April 1978, the United States provided the Chilean junta with another \$35 million loan and provided the Haitian autocrat Duvalier with \$20 million.

IV. U.S. Policy Toward Latin American Countries With Human Rights in Name Only, Its Substance Is Diplomacy

Facts have shown that the United States focused its attention on "diplomacy" instead of genuine human rights in its human rights diplomacy. From Carter to Clinton, the characteristics of "diplomacy" in the practice of U.S. human rights diplomacy have made themselves keenly felt. "Diplomacy" is the activity of a country conducting international relations to promote and magnify the implementation of its internal policy. Such being the case, the practice of the U.S. human rights diplomacy in the Latin American region would inevitably proceed from the general principle of defending America's own "security" and "interests." Therefore, the United States may exercise "sanctions" against a Latin American country on the grounds of its violating human rights to cease "aid" to the latter at one time, or lift sanctions against another country and provide it with aid on the grounds of "maintaining security" at another time. To maintain its own security and interest, the United States may implement a double-standard human rights diplomacy—it may attack a Latin American country for its "human rights" problems and even point its guns at it, and launch an invasion; whereas the United States may turn a blind eye to another Latin American country that has the same problems and even grant it aid in arms and money...

**Reagan's Explanation of Human Rights Diplomacy,
U.S. Interest Is Above All Else**

In this arena, Reagan was most typical in his behavior. On 20 January 1988 [as published], Reagan was sworn in as the 44th U.S. president. He revised the contents and policy of the human rights diplomacy of the Carter administration. In November, the U.S. Department of State issued a memorandum to explain his thinking. The document defined "human rights" to be "political and civil rights" and indicated that the U.S. "human rights diplomacy" had two specific principles: One was to propagate U.S. "belief and value concepts" and the other was to "take into consideration the pressure a regime is facing and the nature of its hostile forces"; it was imperative to weigh U.S. "security and interests." In the document entitled "New American Policy in the 1980's," Reagan put it more specifically: Regarding Cuba and Nicaragua, it was imperative to strongly attack their "behavior in violation of human rights"; regarding Chile, Argentina, and Guatemala, it was primarily necessary to consider "the security situation."

Reagan's thinking embodied Truman's "Cold War" tradition and the spirit of "strength realism" in the U.S. theory on contemporary international relations. Reagan adhered to the habit of thinking typical of the "Cold War" period, vigorously emphasizing ideological confrontation, while including the ideological war in "human rights diplomacy." Based on the theory of "strength realism," he gave prominence to such issues as the relations between strategy and armed forces, balance, diplomacy, and monetary policy.

Ever since he took office, Reagan worked hard to improve government-to-government relations with Brazil, Argentina, and Chile, restored military aid to them, agreed to technological transfers, and established the system of conducting military consultation with them at regular intervals, proceeding from U.S. "security and interests," containing the effects of the USSR and Cuba, and based on his own idea of "human rights diplomacy." At the same time, Reagan launched a "low intensity war" in Nicaragua, and issued orderd to blockade Nicaragua's sea areas to conduct direct military provocation and add pressure on the democratic government. In 1983, Reagan flagrantly ordered the U.S. Army to invade Grenada, a sovereign state, to intervene in its internal affairs to prop up a pro-U.S. regime.

V. International Human Rights Diplomacy Should Acknowledge Differences

Human rights diplomacy is the activity of a country in international relations with "human rights" as a principle in the striving for human rights for all people in the world. However, "human rights" are not abstract, but specific, and exist in certain economic conditions in the historical development of human society. There are differences in the historical and cultural traditions, political systems, economic conditions, and degrees in science and cultural development; inevitably there are

differences as well in the criteria for human rights and value concepts between various countries. Such being the case, when a country engages in activities in international relations based on the principle of "human rights," it is imperative to respect objective realities and the fact that differences exist between various countries, while refraining from forcing one's criteria for human rights and value concepts on other countries. All the more should one refrain from pursuing power politics, interfering in the internal affairs of another country with "human rights" as the mean and the "Cold War" as an example. One should seek common ground while reserving differences, mutual benefits, common development to defend world peace together, bring forward "international democracy" to strive for the universal, genuine realization of the "human rights" principle throughout the world. Only then, will it comply with the reality of interdependence in international relations today.

Central Eurasia

Reportage on Russian Troops Clashing With Chechnya

*OW1312004994 Beijing XINHUA in English 1753
GMT 12 Dec 94*

[FBIS Transcribed Text] Moscow, December 12 (XINHUA)—Russian troops clashed with the Chechen forces, the first of its kind, this afternoon near Dolinsky, a settlement 20 kilometers away from the Chechen capital of Grozny, the ITAR-TASS NEWS AGENCY reported today.

Reports quoted sources from the Chechen forces as saying that the Russian troops tried to break through the blockade on their way to Grozny but met "fierce resistance" from Chechen forces.

Casualties were reported in Golinsky and the nearby settlement of Pervomaisk, ITAR-TASS said without giving details. Russian soldiers, dispersed around the settlements, are firing at Chechen forces, the reports added.

The advancing Russian troops were ordered earlier this afternoon to open fire in case attempts are staged to block their movement.

The Russian troops, which entered Chechnya since Sunday [11 December], began digging trenches near the settlement of Assinovskaya, while another convoy moving from Daghestan was blocked by local residents, ITAR-TASS said.

More on Chechen Clashes

*OW1312112394 Beijing XINHUA in English 1103
GMT 13 Dec 94*

[FBIS Transcribed Text] Moscow, December 12 (XINHUA)—Clashes between Russian troops and Chechen

militants stopped after dark today for the first time since Russian troops entered the rebel republic yesterday morning, according to reports reaching here.

However, there have been no reports about the talks between representatives of Moscow and Grozny which started earlier this afternoon in Vladikavkaz, north Ossetia.

The clash that raged throughout the day near the village of Dolinsky, 20 kilometers from Grozny involved not only armored vehicles, but also heavy artillery guns, missile launchers, combat helicopters and warplanes, the reports said.

The reports quoted Chechen military officials as saying that bloody clashes were also reported in the nearby settlement of Pervomaisk. Russian soldiers dispersed around the settlement and opened fire at Chechen units.

Meanwhile, the Russian military side said Chechen militants supporting rebel Chechen President Dzhokhar Dudayev attacked one of the Russian army units after it entered the breakaway republic today.

Casualties were reported on both sides, but without exact numbers.

The headquarters of the Chechen government forces said Russian troops tried to break through to Grozny, capital of the rebel Russian local republic, compelling Chechen forces to put up "fierce resistance," according to the ITAR-TASS News Agency.

The Russian troops advancing towards Grozny were ordered earlier today to open fire if they are attacked.

The situation along the other two routes of Russian troops advancement remained unchanged, Itar-Tass said.

According to Chechen army officers, the armored convoy of Russian troops which entered Chechnya from Ingushetia began digging trenches near the settlement of Assinovskaya, while another convoy moving from Dagestan was blocked by residents on the Chechen border.

There also were reports saying that these two convoys had been ordered to seal off Chechnya without crossing its border.

However, representatives of the provisional information center of the Russian government in the Caucasus said that Russian troops including the two mentioned convoys continued their March towards Grozny earlier today.

In some places, the troops have approached the Chechen capital as close as 25-30 kilometers, the information center officials said.

After the troops have sealed off the city, they will begin the operation to disarm illegal armed bands (including the Chechen government units), the officials stated.

Leonid Smirnyagin, a member of the Russian Presidential Council, confirmed that the Russian troops are to "disarm bands and seal off pockets of armed resistance, not to seize Grozny."

"The main aim of Russian President Boris Yeltsin and his policy with regard to Chechnya is to achieve a political settlement of the tragic situation," said presidential chief adviser Mark Urnov.

Yeltsin Urges Urgent Solution

OW1312005294 Beijing XINHUA in English 1736
GMT 12 Dec 94

[FBIS Transcribed Text] Moscow, December 12 (XINHUA)—Russian President Boris Yeltsin said today that the Chechen crisis should be resolved without delay.

"The Chechen crisis, which threatens Russia's integrity, and the safety and peace of mind of its citizens, must be resolved urgently," the President said in a letter to members of the Russian parliament.

"It is impermissible to use it to fan tension in the society, instigate hostility between branches of power or seek political gains," he stressed.

"It is irresponsible to take advantage of the tragedy of the Chechen people, the pain of the whole Russia for pre-election battles," the president warned.

He also urged the lawmakers to unite their efforts in solving the Chechen crisis which deteriorated after Moscow sent troops to Chechnya Sunday [11 December].

"We are united by the recognition of the priority of the constitution and the use of political methods, first and foremost of negotiations, in settling the Chechen problem," he said.

Yeltsin suggested that the parliament "formulates its constructive view" on three issues: whether to amend the constitution and raise the status of Chechnya, whether to recognize Dzhokhar Dudayev as President of Chechnya and whether to hold free elections there as a precondition of talks with Chechnya.

He also proposed the representatives of the two Chambers to participate in a monitoring commission which would control human rights and the implementation of decisions to restore the constitutional system in Chechnya.

According to reports reaching here, representatives of the Russian government and the Chechen authorities began their talks in Vladikavkaz, North Ossetia, this afternoon.

Lawmakers Object To Force

OW1312072394 Beijing XINHUA in English 0620
GMT 13 Dec 94

[FBIS Transcribed Text] Moscow, December 12 (XINHUA)—Parliamentary factions in the Russian State

Duma (lower house), including Russia's Choice, which usually supports President Boris Yeltsin, joined in voicing their objections to the use of force in the break-away republic of Chechnya.

Yeltsin sent Russian troops into the region Sunday [11 December] to crush the republic's three-year bid for independence in Russia's biggest military assault since the Soviet Union sent troops into Afghanistan in 1979.

At a news conference held here earlier today, leaders of all factions agreed that the Chechen problem must be resolved by peaceful and political means.

Mikhail Lapshin, leader of the Agrarian Party, told reporters, "Despite the dispatch of troops to Chechnya, there are still opportunities for negotiations."

Grigory Yavlinsky, head of the Yabloko faction, said his faction also favors a political settlement of the conflict.

"What is happening in Chechnya today will not yield positive results," he said, and warned of the prospect of a long Caucasian war.

Russia's Choice leader Yegor Gaydar went farther, saying troop movements in Chechnya should be halted immediately and no attempt should be made to capture the capital city of Grozny.

Other party factions, including Women of Russia and PRES, joined in urging that the Chechen issue should be resolved through negotiations among concerned parties.

Sergei Glazhev, leader of the Democratic Party of Russia, suggested that the Duma conduct a preliminary investigation of events in Chechnya to find out which government officials were responsible for the decision to use force against the north Caucasian republic.

In a television interview this evening, Duma Chairman Ivan Rybkin called on the army and Interior Ministry troops to "prevent the escalation of the conflict and confine their actions to sealing off the Chechen republic and its capital, Grozny, but without using force."

According to Rybkin's deputy, Mikhail Mityukov, the State Duma will discuss the factions' position at its special plenary session on Tuesday.

Moscow, Grozny Continue Talks

OW1312104294 Beijing XINHUA in English 1026
GMT 13 Dec 94

[FBIS Transcribed Text] Moscow, December 13 (XINHUA)—Envoys from Moscow and Grozny continued their talks in Vladikavkaz, north Ossetia, today to settle the Chechen crisis, according to Itar-Tass News Agency.

Summing up the results of the first day's talks, which began in the north Ossetian capital yesterday, Russian delegation head Vyacheslav Mikhailov described as "a positive aspect" that "the Russian and Chechen sides did sit down at the negotiating table."

"There is no common approach to a number of points. But there is a desire to resolve the extremely complex problem of disarmament and cessation of bloodshed in Chechnya," Mikhailov said.

Expressing the stand of Grozny, Tamaz Abubakarov, leader of the Chechen delegation, stressed: "There are common points of contact at the talks, but the two sides differ over how the goals should be attained. The Russian President's decree did not outline a mechanism for the confiscation of weapons. Such a mechanism must be worked out."

"We agree to disarmament provided a withdrawal of the Russian troops from the territory of Chechnya start immediately. It is useless to speak with the Chechen people in the language of ultimatum," Abubakarov emphasized.

However, reports reaching here from Vladikavkaz said an accord was reached in separate talks held between Moscow and the Chechen opposition Provisional Council yesterday.

The two sides agreed that, with a view to preventing bloodshed in the territory of Chechnya, the Provisional Council undertakes to stop combat actions and carry out disarmament according to a coordinated procedure.

Northeast Asia

Vice Premier Li Lanqing Meets Japanese Guests
OW1312124994 Beijing XINHUA in English 1229
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with a delegation from Japan that came to attend the Fourth Sino-Japan Symposium of Science and Technology For Industry.

The delegation is headed by Nukaga Fukushiro, member of the House of the Representative of Japan.

It was learned that the governments of the two countries attached great importance to the symposium, and both Chinese Premier Li Peng and Japanese Prime Minister Tomiichi Murayama extended congratulations to the meeting.

Kobayashi Honored as Sino-Japanese Friendship Envoy

OW1212163694 Beijing XINHUA in English 1616
GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—Kobayashi Ryoji, President of Japan's Toko-kosen Corporation, was granted the title of Sino-Japanese Friendship Ambassador by the Sino-Japanese Friendship Association at the Great Hall of the People here this evening.

Kobayashi, who is here on his 150th visit to China, has devoted himself to the promotion of economic and trade relations between Japan and China over the past 40 years. His corporation was the first one in Japan to sign a trade agreement with the People's Republic of China in the 1950s.

DPRK Assembly Urges ROK To Tear Down Border Wall

OW1312100194 Beijing XINHUA in English 0830
GMT 13 Dec 94

[FBIS Transcribed Text] Pyongyang, December 13 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has urged South Korea to tear down its 15-year-old concrete wall along the demarcation line on the south side.

A statement, issued by the Standing Committee of the DPRK's Supreme People's Assembly yesterday, also urged Seoul to abolish its State Security Law.

The statement, carried in today's official newspaper NODONG SINMUN, said the situation on the Korean peninsula has developed towards relaxation in the past years.

The South Korean government should dismantle the 240-kilometer-long wall and abrogate the Security Law before 1995, the 50th anniversary of the division of the peninsula, it added.

The wall symbolizes Korea's division, and its demolition is the wish of people in both the North and the South as well as their compatriots overseas, it said.

The statement expressed the hope that parliaments and politicians of other countries would render moral support to the DPRK's appeal.

China, South Korea Sign Nuclear Safety Protocol

OW1312153594 Beijing XINHUA in English 1449
GMT 13 Dec 94

[FBIS Transcribed Text] Seoul, December 13 (XINHUA)—China and South Korea signed a protocol on nuclear safety cooperation here today.

The protocol was signed by Huang Qitao, Director of the National Nuclear Safety Administration of China and Han Yong-song, Vice Science and Technology Minister of South Korea.

Under the protocol, China and South Korea will make joint efforts to cope with any nuclear accident and regularly exchange experts and information on nuclear safety and regulations.

The protocol also calls for joint monitoring of radioactivity and the establishment of an emergency notification system in case of nuclear accidents in the two countries.

Under the protocol, the two countries will strengthen their cooperation on the safety of their civil nuclear facilities.

The protocol followed the agreement Chinese Premier Li Peng signed on cooperating in the peaceful use of nuclear energy during his visit to South Korea in October.

South Korea currently operates nine nuclear plants and is building another seven.

ROK Agrees To Provide First Loan to China

OW1312092194 Beijing XINHUA in English 0803
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China and the Republic of Korea (ROK) struck an agreement here today on the latter's provision of its first-ever governmental loan to China.

The 34.508 billion won loan (about 43 million U.S. dollars), carries an annual interest rate of 3.25 percent and a 20-year maturity period.

The money will be mainly used for the construction of a bridge at Tianjin Port, the Longkou Port in Shandong Province, a railway line in Heilongjiang Province and the Yanji Airport in Northeast China's Jilin Province.

Chinese Deputy Minister of Foreign Trade and Economic Cooperation Gu Yongjiang and ROK Ambassador to China Hwang Mun-hwa signed the deal on behalf of their respective governments.

Near East & South Asia

Li Tieying Meets Syrian Cultural Delegation

OW1212133094 Beijing XINHUA in English 1326
GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—Chinese State Councillor Li Tieying met here this afternoon with a Syrian government cultural delegation led by Minister of Education Muhammad Ghassan al-Halabi.

The delegation came here for a visit as guest of the Ministry of Culture. The two sides signed a 1994-1997 plan for implementing the Culture Agreement between the two governments of China and Syria on December 9.

During the meeting, the two sides expressed the hope for closer cooperation between the two countries in culture, education and other fields.

Indian Ruling Party Experiences Election Setback

OW1212131494 Beijing XINHUA in English 1225
GMT 12 Dec 94

[“Roundup”: “Indian Ruling Party Suffers Bad Setback”]

[FBIS Transcribed Text] New Delhi, December 12 (XINHUA)—The ruling Congress-I suffered a bad setback on the political front as the opposition and local parties are going to form new governments in three of the four states where the assembly polls just ended while the Congress-I is busy setting its own house in order and preparing for the challenges ahead.

With Deve Gowda swearing in Sunday [11 December] as the 14th chief minister of Karnataka state, the left Janata Dal Party already won 116 out of the 224 seats in the state and swept back to power again after a five-year gap.

In Andhra Pradesh, the home state of Prime Minister Narasimha Rao, local party chief Telugum Desam Rama Rao swore in today with an overwhelming majority of 219 in the 291-seat state assembly in the party's bag.

As an exception, Gowda will see a hung government since the Congress-I failed to secure a majority in the 40-seat assembly.

These states were formerly ruled by the Congress-I that has accepted the people's verdict with humility.

The prime minister described the outcome of the elections as "not just a defeat but the collapse of the party."

The Congress-I had left no stone unturned in trying to win voters well before the polls, and Rao himself as president of the party made campaigning speeches many times in the states.

However, observers and diplomats here attribute the Congress-I failure to its unrealistic campaigning note and the party's disunity as well as the government's corruption and dilution of pro-poor commitment.

The opposition parties have demanded an immediate mid-term poll and the prime minister's quit while asking the central government to seek a fresh mandate.

The Congress-I Working Committee, the highest decision-making body of the party, in a three-and-a-half-hour meeting reviewing the outcome of the assembly elections Saturday night, called upon party workers at all levels to sink their differences and stand united to gear the party to the challenges, reaffirming confidence in the Rao leadership.

A resolution adopted at the meeting said the party will take steps to generate a new sense of fellow feeling at all levels and motivate the rank and file to enable the Congress-I to win back the affection, love and support of the people.

The prime minister did not offer to resign and there is no question of the party going in for a snap poll, the Congress party spokesman V.N. Gadgil said.

Gadgil expressed his confidence that the debacle in the state polls will not harm the central leadership of the party which is holding a margin majority in the lower house.

Presently, both the Congress-I loyalists and the dissidents appear to agree that the electoral disaster will not destabilize the position of Rao as numero uno in the party.

"The high point of danger to the prime minister was two years ago, at the time of the demolition of the Babri Masjid. He weathered it. This (the recent defeat) can be managed," said a former minister.

In any case, as the party managers see it, there is no clear alternative within the party to Rao.

Currently, the challengers within the Congress-I, Arjun Singh, Sharad Pawar and N.D. Tiwari, have their eclipsed side.

Observers here believe the prospects in the fate of Rao's government hinges on the party unity and a mid-term poll could not be ruled out because of some emerging uncertainties.

West Europe

EU Summit in Essen Reaches Consensus

OW1112095394 Beijing XINHUA in English 0936
GMT 11 Dec 94

[("Roundup" by Xia Zhimian: "Essen Summit is Anemic")]

[FBIS Transcribed Text] Bonn, December 10 (XINHUA)—The European Union (EU) leaders seemed to have reached a consensus with no squabbles taking place throughout their two-day meeting which ended in the German city of Essen today.

German Chancellor Helmut Kohl, host of the Essen summit, started to adopt a strategy of skirting round differences from the very outset of the meeting after the summit of the Conference on Security and Cooperation in Europe (CSCE) broke up in discord.

The exclusion of the Bosnia issue from the original agenda served as a good example.

As the question of Bosnia-Herzegovina turned urgent, the agenda had to be altered.

After one day of discussions on the Bosnian issue, the meeting issued a declaration the following day in which the EU leaders voiced their common stance—a political solution to the conflict.

The declaration was nothing more than a suggestion that the EU was at its wits' end on the Bosnia issue since no concrete political measures were proposed.

Despite Kohl's effort, the EU member countries failed to hide their rifts completely.

After the meeting agreed that UN peacekeepers would remain in Bosnia as long as possible, French President Francois Mitterrand said through his spokesman that

France would pull out its troops if the arms embargo against Bosnia-Herzegovina was lifted.

By saying so, the French president made an implicit criticism of the U.S. unilateral removal of the embargo and Germany's tacit support for the U.S. stand.

Germany was anxious about an eastward expansion of the EU and advocated drawing up a timetable for the eastern European countries to enter the organization.

The Essen summit decided to publish a white paper on the eastward expansion of the EU by mid-1995 but failed to make a timetable.

Meanwhile, the EU members in southern Europe, led by France, urged the EU to strengthen ties with the Mediterranean nations and asked for financial aid from the EU to the Mediterranean region not less than that to eastern Europe.

Germany also tried its best to help bring about a decision on the establishment of a unified European police force to promote civil and judicial cooperation among the EU members. Mitterrand has reportedly agreed to the plan, but the issue will be shelved until 1995 when France takes the rotating EU presidency.

To boost economy and fight unemployment were considered to be the paramount tasks of the meeting. However, no notable progress was seen except an agreement to add 2.3 billion Deutsche marks (1.46 billion U.S. dollars) to the 14 traffic projects which will be started by the end of 1995.

But no agreements were reached on the collection and allotment of the money.

The Essen summit verified the judgement of Jacques Delors who has been European Commission president for 10 years that the policies of the EU members were "increasingly selfish."

Maybe, that was why Kohl urged his European colleagues to be optimistic. "We have no reason to lapse into Euro-pessimism," he said.

Sino-EU Economic, Trade Ties Resume

HK1212031294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11-17 Dec 94 p 2

[By Sun Hong: "Trade With EU Revives This Year."]

[FBIS Transcribed Text] Except for some clouds shadowing Chinese exports to the European Union (EU), China and the trading body can look forward to rosy prospects for economic co-operation, an official with the Ministry of Foreign Trade and Economic Co-operation (Moftec) told Business Weekly.

"Sino-EU economic and trade ties have resumed following a sluggish period after 1989," said Zang Ghun-zheng, a division director of the European Affairs Department at Moftec.

Zang said trade value between the two sides is likely to top \$30 billion this year, registering a 20 per cent increase from last year.

During the January-September period this year, bilateral trade hit \$21.3 billion, up 22.7 per cent from one year ago.

Zang attributes the blossoming trade to improved relations and China's growing economy, which is drawing EU entrepreneurs.

European Union investment in the mainland, though lagging that of Japan and the United States, is significant and features high per-project sums concentrated on the production sector and technology introduction, Zang said.

At the same time, EU loans have helped to alleviate China's fund shortage in the introduction of advanced technology and equipment.

From 1979 to the end of 1993, the EU has granted more than \$8 billion in loans to China.

But some stray threads mar the otherwise fine quilt of Sino-EU economic ties, with the EU's restrictions on Chinese exports as the most glaring flaw, Zang said.

The European Union still considers China a "non-market-economy country" and in March of this year placed certain kinds of Chinese products under quota restrictions.

Targeted goods include major Chinese exports to the EU like shoes, toys, radios, gloves, pottery ware, glassware and porcelain.

The quotas imposed on China this year are much lower than last year's export performance.

In another move, the EU banned imports of 10 kinds of silk and cambric products from China and announced import surveillance of 27 kinds of Chinese chemical products.

"All of these measures reflect an obviously discriminatory attitude towards China and run counter to the spirit of Gatt and the blooming tide of bilateral economic relations," Zang said.

He expressed concern that these might result in a drop in China's export growth to the EU next year.

Other "unsteady elements" affecting EU importers' eagerness include increased anti-dumping measures against Chinese exports and non-tariff barriers.

Zang called on the European Union to take stock of the mutual benefit of Sino-EU economic ties based on their complementary economies and different stages of economic development.

In the long run, opening markets wider will benefit EU countries as many of them are transferring labour-intensive industries to China and other countries in the aim of industrial reconstruction, Zang added.

Wan Guoquan Meets German State Delegation

*OW1212155794 Beijing XINHUA in English 1446
GMT 12 Dec 94*

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—Wan Guoquan, Vice-Chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met here this evening with a delegation from the Cultural Ministry of North Rhine-Westphalia State of Germany. The six-member delegation, led by Rainer Gorts, Head of International Professional Training Institute of North Rhine-Westphalia State, are here to attend a two-day Sino-German seminar on social insurance, which is scheduled to open tomorrow.

Beijing Buys Italian Fertilizer Equipment

*OW1212134794 Beijing XINHUA in English 1336
GMT 12 Dec 94*

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—China will import another set of synthetic ammonia and urea production equipment from Italy for a large fertilizer project in East China's Jiangsu Province.

The 100 million U.S. Dollar contract was signed here this evening by the China National Technology Import and Export Corporation and Snamprogetti S.P.A. Of Italy.

The project is expected to enable the Nanjing Chemical Industrial Corporation (Group) to produce 300,000 tons of synthetic ammonia and 520,000 tons of urea each year when it is completed in 1998, which will go a long way in easing the urea shortage in East China.

China has so far imported similar devices for 12 such large fertilizer projects over the last decade, of which nine were provided by the Italian company.

Negotiation is under way on importing another set of similar equipment for another chemical fertilizer project in Northeast China's Jilin province.

Shanghai Pharmaceuticals Firm Holds Ceremony

*OW1012044294 Beijing XINHUA in English 1642
GMT 9 Dec 94*

[FBIS Transcribed Text] Shanghai, December 9 (XINHUA)—A ceremony was held here today to lay the foundation stone for the Shanghai La Roche Pharmaceuticals Co. Ltd.

The company is jointly sponsored by F. Hoffmann La Roche Ltd of Switzerland and the Shanghai Sanwei Pharmaceuticals Company.

A leading multinational with about 60,000 employees, F. Hoffmann La Roche Ltd does business in over 100 countries and regions worldwide.

The Shanghai Sanwei Company, a thriving state-owned firm, is expecting its sales to hit 500 million yuan-worth this year.

XINHUA was told that 30 million U.S. dollars will be invested to build a workshop of 500,000 sq m in the first phase of the joint venture, which will be put into use in 1996.

The new firm will produce a series of advanced medicines in accordance with international standards, including antibiotics, composite vitamins and treatments for cancer and heart disease, as well as analgesics and medicines to adjust the human immune system.

Turkey Criticized for Verdict on Former Legislators

*OW1012102494 Beijing XINHUA in English 0953
GMT 10 Dec 94*

[“Roundup” by Yan Hongzhang]

[FBIS Transcribed Text] Ankara, December 10 (XINHUA)—The decision by the Turkish state security court Thursday [8 December] to sentence eight former parliament deputies for up to 15 years in prison has drawn criticism from abroad.

The European Union, which is holding its summit in Essen now, expressed its concern by issuing a statement saying “the European Union regrets that the trial has ended with the sentences condemning a number of the defendants to long-term imprisonment.”

Dutch member of parliament Elsma Doeke said “we will ask for a freezing of relations with Turkish parliamentarians, and this will be one of our reactions.”

One of the toughest reactions to the decision came from Germany, which holds the term-presidency of the European Union and chairs the Essen summit.

German Parliament President Rita Suessmuth said in a statement: “The tough sentences are a highly questionable signal for future relations between Turkey and the European Union.” Turkey is now seeking a full membership of the union by hard negotiations, this court decision will cast shadow over the ties.

The reaction from Washington was no less severe. “The U.S. Government is deeply concerned” to learn of the court decision, U.S. State Department Spokesman Christine Shelly said.

Representative Steny Hoyer, co-chairman of a Congressional Human Rights Group, indicated the U.S. Congress would seek to cut future military aid to Turkey as a result of the trial.

"If the matter has not been resolved, both the house and the Senate will include further language and constraints of any funding for military aid to Turkey," Hoyer told a press conference.

The desire to cut military aid was also supported by David Philips, head of the Congressional Human Rights Foundation, who demanded that the U.S. Government immediately cease all forms of military assistance to the Government of Turkey.

The Amnesty International urged Turkish President Suleyman Demirel to pardon the deputies to "rectify the miscarriage of justice that has occurred."

But Turkey has given explanation in its own way. President Demirel said Friday "why are they telling me to release the deputies when I was not the one to put them there in the first place?"

"There is no need for anybody to wail, neither here, nor abroad. Turkey is a state of law. No one is grabbed from his collar and taken anywhere for no reason," Demirel added.

Earlier, Turkish Prime Minister Tansu Ciller expressed similar views in a statement. Ciller said Turkey was not the only country where members of parliament were sentenced.

Talking about human rights, Ciller said Friday that no country in the world has a perfect human rights record, "mind your own business, please."

Turkey's main opposition party the Motherland Party leader Mesut Yilmaz criticized the Western countries and said "shall we close our courts in order to open the doors to Europe? this is absurd."

The word fighting between Turkey and the Western countries seems to continue in the coming days. The defendants still have the right to appeal to the Court of Appeals in Ankara, and if necessary, later to European Human Rights Commission.

UK Oil Firm To Explore for Oil in East China Sea

OW1312120094 Beijing XINHUA in English 1143
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—Primeline Petroleum, a British oil company, has signed a contract with the China National Offshore Oil Corporation (CNOOC) to prospect for oil and gas in the East China Sea.

A CNOOC official disclosed today that the contract, which was signed here yesterday, was based on a cooperative research agreement inked by the CNOOC and Cluff Oil (China) Ltd, a subordinate company of Primeline.

Late last year Cluff was awarded the right to jointly study the seismic and geophysical data of the 32/32 block in the East China Sea.

A detailed study has shown encouraging signs of oil and natural gas reserves in the area, prompting Primeline to undertake seismic surveys and the sinking of wells, the official said.

This contract was the 99th that the CNOOC has signed with foreign oil companies since China embarked on foreign cooperation in exploring for and developing offshore oil and gas 12 years ago.

Cluff also has, together with the CNOOC, one joint study agreement and three seismic survey agreements on blocks code-named 04/21, 03/06, 05/31 and 10/06, in the East China Sea, the official added.

According to him, the 32/32 block, 4,500 sq km in area and with an average water depth of some 80 m, is less than 100 km off the coastal city of Wenzhou in Zhejiang Province.

Remarkable achievements in oil and gas exploration and development have been made by the CNOOC over the past 12 years through cooperation with leading oil producers and foreign partners.

Deposits of more than 1.2 billion tons of oil and 180 billion cu m of natural gas have been discovered so far, bringing the company's output of crude oil to 6.4 million tons and that of natural gas to 400 million cu m this year.

The year of 1997 will be a peak production year for the company. In that year the CNOOC is expected to turn out 12 million tons of crude oil and four billion cu m of natural gas.

Political & Social

Li Peng Inspects Chongqing City, Sichuan Province

Writes Inscription

HK1312112994 Beijing ZHONGGUO XINWEN SHE
in Chinese 0822 GMT 13 Dec 94

[FBIS Translated Text] Chongqing, 13 Dec (ZHONGGUO XINWEN SHE)—Premier Li Peng wrote an inscription a few days ago on his Chongqing tour: Open up the Three Gorges, Invigorate Chongqing.

Premier Li Peng toured Chongqing between 9-11 of this month. During his stay there, Li Peng inspected Dazu County and Chongqing Transformer Factory and listened to a progress report by Sichuan Provincial Governor Xiao Yang on the resettlement of the people displaced by the Three Gorges Project and work reports by the Chongqing City CPC Committee and Government.

Today's CHONGQING RIBAO reports: In his address, Li Peng made a point of mentioning the relationship between the Three Gorges Project and Chongqing, saying the construction project will inevitably create conditions for invigorating Chongqing and not burdens. The development of the Three Gorges will give prosperity and a facelift to the reservoir region as shown, among other things, by the tourist boom and, in turn, the new investment brought by the Three Gorges Project. Through the development of the Three Gorges, Chongqing can expand its industry, technology, and products to places within the reservoir region, which in turn will offer Chongqing a wide market. It is hoped that Chongqing will seize the opportunity of the Three Gorges development and speed up its economic development.

To Inaugurate Three Gorges Project

HK1312064394 Hong Kong AFP in English 0531 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, Dec 13 (AFP)—Chinese Premier Li Peng will officially launch Wednesday [14 December] construction work on the controversial Three Gorges Dam—the world's largest hydroelectric project. "The premier will officiate at a major ceremony to mark the start of construction on the actual dam itself," said a spokesman for the Three Gorges Office in Chongqing in Sichuan Province, where Li wrapped up a tour at the weekend. The ceremony will take place at the dam site at Yichang in neighbouring Hubei province, the spokesman said by telephone, adding that senior ministry and local government officials would also be in attendance.

The multi-billion dollar project was approved by the Chinese government in 1992 despite intense opposition from foreign groups that voiced deep concerns about its environmental impact and the need to resettle more than

one million residents. The project is slated for completion in 2009 and the budget has escalated from an initial estimate of 90 billion yuan (10.6 billion dollars) to well over 100 billion yuan. Preparatory work on clearing the site and resettling local residents has already been underway for more than one year.

Further on Ceremony

HK1312101994 Hong Kong AFP in English 0924 GMT 13 Dec 94

[By Giles Hewitt]

[FBIS Transcribed Text] Beijing, Dec 13 (AFP)—Premier Li Peng will place Beijing's final, symbolic seal of approval Wednesday on China's mammoth Three Gorges dam project, condemned by foreign pressure groups as an environmental and human disaster. Li, a driving force behind the multi-billion-dollar project on the Yangtze River, will officiate at a ceremony to mark the start of construction at the dam site near Yichang in the central province of Hubei. Although the project was officially approved by China's parliament, the National People's Congress (NPC), in 1992, the date for officially launching construction had been left open, leading the scheme's opponents to hope that it might be postponed indefinitely.

Critics have denounced what will be the world's largest hydroelectric project as an environmental and financial disaster that will also involve the forced resettlement of more than one million people.

The project is scheduled for completion in 2009 and the budget has zoomed from an initial estimate of 90 billion yuan (10.6 billion dollars) to well over 100 billion yuan. "After the NPC decision, opponents changed tack from a complete rejection of the project to trying to get it scaled down," said a Western diplomat who has closely followed the debate over the dam. "But even that has clearly failed, partly because those senior leaders in favour of the project seem to view its completion as a test of their political clout," he said.

An unprecedented one-third of NPC delegates either voted against the project or abstained after the 1992 debate, during which its more vociferous opponents were blocked from expressing their misgivings.

The scheme's supporters insist the dam will reduce the chances of major flooding and provide abundant, clean energy to the densely-populated Yangtze River Valley, transforming it into an economic powerhouse.

The project is on a staggering scale. The 1.6-kilometer (one-mile) long structure will hold 26 hydroelectric generators, producing 84 billion kilowatt-hours of electricity annually. The project will also include the largest ship-lift in the world and five ship-locks, greatly enhancing navigation along the Yangtze, the supporters say.

The Chinese government has launched a massive propaganda campaign to back up the project, emphasising the success to date of the resettlement programme and downplaying the environmental impact. Resettlement began last year when the state invested 500 million yuan in relocation projects, including agricultural development, water conservation, infrastructure for new towns, and enterprise relocation.

However, environmental pressure groups such as the Canadian-based Probe International say the government's compensation programme is inadequate, especially as hundreds of thousands of farmers will be forced to give up prime agricultural land and relocate to far less fertile areas. "Some of the resettlement sites are extremely steep and the soil is clearly of a poorer quality," said another Western diplomat who recently toured the area. The dam's reservoir will inundate 30,000 hectares of farmland, orchards, and forest in 21 counties in Hubei and neighbouring Sichuan Province.

Probe International says the Chinese environmental studies have not taken into account the 75 million people who live on the Yangtze River downstream of the Three Gorges site, whose subsistence economies are inextricably linked to ecosystems along the Yangtze. Environmentalists also say the project could lead to the extinction of the already endangered species indigenous to the Yangtze, such as the Yangtze River dolphin, the Chinese sturgeon, and the finless porpoise.

China plans to use stocks, bonds, and foreign investment to supplement state financing for the dam. So far foreign investors have been wary of getting involved in the high-risk project, although the government received a boost in October when U.S. investment bank Morgan Stanley indicated its support.

In Hong Kong, Robin Munro, the Hong Kong director of Human Rights Watch/Asia, attacked the project and said opposition to it had been "effectively silenced." His organisation is set to publish a report on the Three Gorges. "All the signs point to a looming human-rights disaster," he said. "The project is bound to run over-cost and also involve far more relocations that the government admits. It's more than five times bigger than the previous largest population transfer in the world, which also took place in China and was pretty catastrophic. Internal police documents, which we will be publishing, say the authorities are privately expecting major social unrest, ranging from widespread peaceful demonstrations, all the way through to pitched, armed battles," Munro added.

Qiao Shi Chairs NPC Standing Committee Meeting

OW1312091994 Beijing XINHUA Domestic Service in Chinese 0736 GMT 13 Dec 94

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 13 Dec (XINHUA)—A meeting of the chairman and vice chairmen of the Eighth National People's Congress [NPC] Standing Committee decided at its opening today that the Eighth NPC Standing Committee will hold its 11th session in Beijing 21-29 December.

Chairman Qiao Shi presided over today's meeting.

The meeting heard a report presented by Cao Zhi, secretary general of the NPC Standing Committee, on the views concerning the draft and agenda of the forthcoming session.

The main topics which the chairmanship meeting recommended to be placed on the agenda include: deliberating on the NPC Standing Committee's draft decision on holding the Eighth NPC's third session; deliberating on the draft laws governing the People's Bank of China, commercial banks, and prisons; deliberating on the NPC Standing Committee's draft decisions on revising the "PRC Law Governing the Election of Deputies to the NPC and Local People's Congresses," and revising the "PRC Organic Law for Local People's Congresses and People's Governments"; deliberating on the State Council request for examining the draft laws governing education and the people's police; hearing and deliberating on a report presented by the NPC Standing Committee's Law Enforcement Inspection Group on inspecting the implementation of the Agriculture Law as well as three others laws and one decision.

Some international accords and reports about NPC delegations' foreign trips which the State Council has requested the current standing committee meeting to examine and approve are also on the meeting's agenda. After it has been examined and approved, the agenda of the forthcoming standing committee session recommended by the chairmanship meeting will become the official agenda.

The chairmanship meeting today also heard a report on the NPC Standing Committee's 1995 plans, a report about revising several draft laws, and an explanation of the draft decisions on revising the election law and the local organic law.

Attending today's meeting were NPC Standing Committee Vice Chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, and Tomur Dawamat.

Party, State Leaders See Yao Yilin in Hospital

Jiang Zemin, Others Pay Call

HK1312100594 Beijing XINHUA Domestic Service in Chinese 0806 GMT 13 Dec 94

[FBIS Translated Text] Beijing, 13 December (XINHUA)—When Comrade Yao Yilin was ill and hospitalized, and when he was critically ill, party and state

leaders Comrades Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huqing, Hu Jintao, and Rong Yiren went to the hospital to call on him.

Comrades Deng Xiaoping and Chen Yun entrusted their secretaries and Comrade Peng Zhen entrusted his wife to go to the hospital to call on him. Comrades Yang Shangkun, Song Ping, Bo Yibo, and Song Renqiong went to the hospital to call on him. Comrade Wan Li entrusted his secretary to go to the hospital to call on him.

Leading comrades who went to the hospital to call on him or made special telephone calls to him were Ding Guangen, Li Lanqing, Li Tieying, Zou Jiahua, Chen Xitong, Jiang Chunyun, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Zhang Zhen, Ren Jianxin, Li Ximing, Wang Bingqian, Song Jian, Li Guixian, Chen Junsheng, Peng Peiyun, and Luo Gan. Comrade Xi Zhongxun made a telephone call to him from outside Beijing to extend his regards.

Further on Yao Yilin's Obituary

OW1212092794 Beijing XINHUA in English 0920
GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—Chinese retired leader Yao Yilin, who died of illness here yesterday at the age of 77, was described as an outstanding proletarian revolutionary and eminent economic planner.

An obituary on Yao's death was jointly published here today by the Chinese Communist Party Central Committee, the Standing Committee of the National People's Congress, the State Council and the National Committee of the Chinese People's Political Consultative Conference.

Yao, born in 1917 in East China's Anhui Province, was a graduate of Qinghua University. He joined the Chinese Communist Party in 1935. As Secretary of the Communist Party Fraction in the Beiping Students' Federation, he was one of the organizers of the then Beiping students' patriotic movement against Japanese aggression and for democracy.

During the War of Resistance against Japan (1937-1945), Yao went underground, working as Secretary of the Tianjin City Committee of the Chinese Communist Party and Secretary General of the Shanxi-Chahar-Hebei Bureau of the Party Central Committee.

Yao's career as an economic planner dated back to the country's liberation war period from 1946 through 1949 when he served as deputy director of the financial and economic office of the Shanxi-Chahar-Hebei Border Region Government and head of the Department of Industry and Commerce of the North China's People's Government.

After the founding of the People's Republic of China in 1949, Yao worked as Vice-Minister of Trade and then

Vice-Minister and Minister of Commerce and deputy director of the office under the State Council in charge of finance and trade.

Like many other veteran officials in China, Yao was dismissed from office during the disastrous "Cultural Revolution" which began in 1966. Since 1973, Yao served successively as first Vice-Minister of Foreign Trade, Minister of Commerce, Minister in charge of the State Planning Commission, head of the leading group in charge of finance and economy under the Party Central Committee. He was appointed a Vice-Premier in 1978.

Yao was elected an alternate member of the Central Committee at the Party's eighth and tenth National Congress held in 1956 and 1973. He became a full member of the 11th Central Committee in 1977 and a member of the Secretariat of the Party Central Committee at the Third Plenary Session of the 11th Central Committee late in 1978.

Yao was elected an alternate member of the Political Bureau of the Party Central Committee in 1982 and an additional member of the Political Bureau in 1985.

Yao was elected a member of the Standing Committee of the Political Bureau of the 13th Party Central Committee.

Yao was also a member of the First National People's Congress and a member of the Standing Committee of the Third National Committee of the Chinese People's Political Consultative Conference.

The obituary said that Yao devoted all his life to the Chinese people's revolution and construction, and that he made great contributions to the country's reforms and opening to the outside world as well as its socialist modernization.

The obituary said that Yao's death is a great loss to the Party and the country.

CPC, State Council Circular Urges Promotion of Science

OW1312085794 Beijing XINHUA in English 0846
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—The Communist Party of China's Central Committee and the State Council have urged governments at all levels to strengthen the promotion of scientific knowledge as a key to stemming the surge of superstition and pseudo-science in China, according to a circular published today.

The circular notes that progress in the country's material civilization and cultural construction—considered major tasks of China's government—depend on scientific and technological development.

Scientific education aims at guiding people to cultivate a scientific work style and lifestyle and, as well as develop

an efficiency-oriented national economy with its focus shifted to scientific progress and improvement of work proficiency.

Also, popular scientific education can help administrations conduct "scientific policy-making," according to the circular.

The circular says that though the country's science education has achieved much success since the establishment of New China in 1949, with a nationwide network of scientific knowledge promotion coming into existence, it still lags behind the growing social demand caused by rapid economic development.

In recent years, illegal activities featuring feudal superstitions and pseudo-science have been running rampant in China, the circular points out.

The origin of superstition is poverty, according to the circular. And only scientific knowledge can eliminate poverty, it points out.

The circular requires local administrations to list the scientific education program among their social development timetables.

Moreover, the central government is expected to work out a national promotion schedule as a part of the Ninth Five-Year Plan (1996-2000) for domestic economic development.

The circular says that the country will further issue special laws and regulations on scientific knowledge popularization on the basis of the country's Constitution and the Law on Scientific and Technological Progress.

The major beneficiaries of the first phase of this campaign will be adolescents, farmers and administrators, the circular explains.

The education program will seek investment from non-governmental groups and overseas companies.

The circular adds that the state will increase its funding of the program on a year-by-year basis.

Ministry Issues Circular Against Recurrence of Fires

OW1212133894 Beijing XINHUA in English 1323
GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—The Ministry of Public Security has ordered an prompt inspection on cultural and recreational sites in an effort to deal with possible recurrence of fires.

During the inspection, all the establishments that are unlicensed or do not have adequate security facilities will be banned indiscriminately.

In a recently-issued circular, the ministry ordered public places of entertainment with hidden dangers to make improvements and sign security contracts and, otherwise, their licenses will be revoked.

Dance halls, Karaoke bars, night clubs, video games, billiards rooms, video show rooms, electronic game rooms, cinemas and theaters would be checked.

The inspection will focus on parts of building structure, fire-preventing lanes, exits, building and installation materials, electronic appliances, lighting installations and fire-prevention management.

Teams to be joined by local public security, culture, industry and commerce departments, will conduct the operation from December to the end of January, 1995, according to the circular.

Reports on inspections and improvements made are asked to be submitted to administrations at the next higher level before the end of February, 1995.

Serious fires have occurred in northeast China's Jilin and Liaoning provinces and the Xinjiang Uygur Autonomous Region of northwest China since last October.

Emergency Circular Orders Action on Safety Problems

HK1312075194 Beijing CHINA DAILY in English
12 Dec 94 p 3

[FBIS Transcribed Text] The State Council has issued an emergency circular after 300 school children died in a fire in Xinjiang Uygur Autonomous Region on Thursday.

The circular ordered governments to attach the utmost importance to fire prevention and take effective measures to solve safety problems.

It also said all localities must organize fire-prevention inspections immediately.

Dance halls, cinemas, theatres, hotels, restaurants, stores and other public places, as well as places for storing explosives and other hazardous articles must meet fire-prevention standards set by the central and local government.

The statement said establishments which failed to meet the regulations would be shut down immediately.

It also said public security departments must be stricter about fire-prevention facilities when they approve projects.

The document also stressed the need to improve fire prevention education among the public.

Those responsible for disastrous fires must be punished according to law, it added.

The cause of blazes must be investigated and the culprits brought to book, it added.

It said that since the beginning of winter disastrous fires have broken out in Northeast China's Jilin and Liaoning provinces, and in Northwest China's Xinjiang Uygur Autonomous Region, killing hundreds of people.

CPPCC National Committee Holds Chairmanship Meeting

OW1212135094 Beijing XINHUA Domestic Service in Chinese 0851 GMT 12 Dec 94

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—The 21st chairmanship meeting of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] was held in Beijing today. The chairmanship meeting decided that the Ninth Session of the Standing Committee of the Eighth CPPCC National Committee be held in Beijing in mid-January 1995.

Li Ruihuan, chairman of the CPPCC National Committee, presided over the meeting.

The chairmanship meeting proposed the following major items for the agenda of the ninth standing committee session: to discuss education issues; to examine, discuss, and adopt a decision on convening the Third Session of the Eighth National Committee of the Chinese People's Political Consultative Conference; to examine, discuss, and adopt the draft of "Provisions of the CPPCC National Committee on Political Consultation, Democratic Supervision, and Participate in the Administration and Discussion of State Affairs"; to examine and discuss written reports on inspections of Liaoning Province, Shandong Province, Shanghai Municipality, Jiangsu Province, Guizhou Province, and Beijing Municipality's Pinggu and Changping counties by members of the CPPCC National Committee; and to examine and discuss the reports of the delegations of the CPPCC National Committee on their visits to Moldova, Romania, Austria, Hungary, Albania, Ukraine, and Uzbekistan.

Present at the meeting were Ye Xuanping, Wu Xueqian, Yang Rudai, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Zhao Puchu, Hu Sheng, Sun Fuling, Zhu Guangya and Wan Guo, vice chairmen of the CPPCC National Committee; and Zhu Xun, secretary general of the CPPCC National Committee.

Column Cites Deng on Democratic Centralism

HK1312091994 Hong Kong HSIN PAO in Chinese 9 Dec 94 p 38

[“Beijing Political Situation” column by Jen Hui-wen (0117 1979 2429); “Deng Xiaoping Wants CPC To Uphold Democratic Centralism”]

[FBIS Translated Text] Beijing, 7 Dec—One subject stressed repeatedly recently among high-level CPC leaders is upholding and perfecting democratic centralism. The decision on strengthening party building by the Fourth Plenary Session of the 14th CPC Central Committee, which convened in mid-September, pointed out that “democratic centralism is a system fundamental to the party's organization and leadership” and must be upheld and perfected in the vigorous pursuit of promoting reform, opening up, modernization, and developing the socialist market economic system. “Neither

the impression that the pursuit of a socialist market economic system can do without democratic centralism in the party and state leadership system nor one that sees upholding democratic centralism as returning to a planned economy is correct.” The session also stressed “strengthening centralism on a democratic foundation to safeguard central authority and the effective enforcement of the party's line, principles, and policies” though “safeguarding central authority does not at all mean that we can reclaim powers that should be given to localities.” As revealed by an informed source in Beijing, the decision by the Fourth Plenary Session was made according to a series of instructions by Deng Xiaoping regarding democratic centralism. But there has been debate within the party and among theoreticians on the problem of democratic centralism shortly before and after the Fourth Plenary Session. Therefore, whether democratic centralism can be fully implemented remains a thorny issue for high-level CPC leaders to this day.

Democratic Centralism As Expounded by Deng Xiaoping

The source said that Deng Xiaoping has continuously stressed restoring and perfecting democratic centralism since his third rehabilitation and since he brought order out of chaos. Between 1978 and 1979, Deng pointed out: “The democratic centralism we are pursuing is a combination of centralism on a democratic foundation with democracy guided by centralism; democratic centralism is an inseparable, integral part of the socialist system.” “We need a centralized and unified leadership, which, however, must be fully democratic if we are to attain the correct centralism.” “We need to emphasize democracy now, of all times, because for a considerable time in the past we have had too little democracy.”

After the 4 June 1989 disturbances, Deng placed more emphasis on democratic centralism. In July 1992, before the CPC 14th Party Congress, Deng instructed after reading through the fourth draft of the congress document: “Democratic centralism is the fundamental system for us and the country. There should be a paragraph about this in the congress political report, and we should have a good discussion about it at a suitable time in the future.” Later Deng pointed out: “A ruling party must establish and perfect democratic centralism in the party and state in a serious manner. It is a fundamental system for the party and the country. This system must be permanently upheld and passed on from generation to generation.” Deng also warned the whole party: “If we fail in this, especially if democratic centralism is not properly pursued, it is conceivable that the party will go bad and so will socialism.” Deng also stressed: “Democratic centralism is a system fundamental to our party. It must be upheld and perfected in reforms in the political structure so that democratic centralism can be linked to the socialist market economic system and the two can promote each other. Both democracy and centralism need to be strengthened. The

way to integrate the two is a matter of the level and sophistication of the leadership."

Very obviously, Deng looks at democratic centralism as an essential mechanism preventing peaceful evolution and promoting the socialist market economic system. Precisely for this reason, on Deng's instructions, not only would part of the CPC 14th Party Congress be devoted to explorations on democratic centralism, but the Fourth Plenary Session of the 14th CPC Central Committee would make upholding and perfecting democratic centralism one of the three key measures for strengthening party building, the objective being to safeguard the authority of the CPC third-generation leadership collective with Jiang Zemin as the core and to ensure correct decisions and effective implementation and post-Deng political stability and economic development.

The source also said that although the CPC high levels stressed upholding and perfecting democratic centralism, shortly before and after the Fourth Plenary Session, there were five different viewpoints within the CPC and among theoreticians: One, the outdated theory, which sees democratic centralism as something dating from the war years and the era of the planned economy and which is now outdated in the pursuit of a socialist market economic system. Two, the working-against theory, which holds that what now operates in a market economy now are the law of value and competition, and democratic centralism works against the law of value; moreover, it sets limits on itself, leading easily to unequal competition. Three, the conflict theory, which holds that democratic centralism necessarily conflicts with the department's responsibility system now that everybody is talking about strengthening the responsibility system. Four, the severing theory, which holds that democratic centralism stresses either democracy or centralism at the expense of the other, severing the two or preventing the two from integrating organically. Five, the phasing out theory, which, influenced mainly by some erroneous theories from abroad, advocates phasing out democratic centralism.

However, authoritative figures in theoretical circles and high-level CPC leaders basically agree that the very idea of establishing a socialist market economic system was a result of Deng Xiaoping and other central leaders upholding democratic centralism while pursuing a policy of reform and opening up. Perfecting democratic centralism is a need posed by the market economy and efforts to speed up democratizing the decisionmaking process and make it more scientific, promote construction of the legal system, overcome negative market impact, coordinate different economic interests, and build a modern enterprise system. In sum, this mainstream opinion sees democratic centralism as a scientific, rational, and efficient system.

Therefore, the CPC departments concerned are drafting a specific mechanism for perfecting democratic centralism to gradually institutionalize and regularize supervision.

Fourth Plenary Session Decided To Highlight Two Viewpoints

The source also said that the absence of a unified leadership in as populous a country as China would result in chaos. Without central authority, the situation would get out of control, so it stands to reason that centralism exists. However, as people in Beijing theoretical circles have pointed out, while deciding to emphasize centralism, the Fourth Plenary Session did not pay full attention to the principle of democracy and failed to spell out democratic methods that should be put in place in the context of centralized power. Given this omission, centralized powers may easily fall into the hands of a few leaders and degenerate into dictatorship, causing democracy to exist in name only. This is a long-standing problem which, if not solved, will harm democracy, centralism, and genuine central authority, because central authority cannot be established by dictatorship, but must be founded on a democratic foundation. This is the meaning of the saying that authority comes with respect for democracy and disappears with disrespect or degenerates into dictatorship. This is an eternal truth. It is hoped that the CPC leadership collective of the third generation will reflect on democratic centralism, appreciate it comprehensively, and fully implement it.

The source—a person in theoretical circles—also pointed out two things: that the Fourth Plenary Session's decision to stress "that upholding democratic centralism does not signal a return to the beaten track of the planned economy," and that "safeguarding central authority does not at all mean reclaiming powers that should be given to localities" are actually meant by Deng Xiaoping to be a motto for the CPC leadership collective of the third generation in pursuing democratic centralism. I wonder if Jiang Zemin and the others have taken note of this.

Survey: Youth 'Optimistic' About Country's Future

OW1312080394 Beijing XINHUA in English 0740
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China's young people are optimistic about the country's future, believing that their motherland will play an economically and politically important role on the world stage in ten years' time, according to a recent survey.

This was the finding when the Chinese Society for Future Studies and the Zhengzhou-based Yuexiu Academic Forum surveyed 300 young people in the capital.

Some 68.3 percent of those surveyed have an educational background of at least two years at college and work in more than ten sectors, including government institutions and departments, higher learning institutions and enterprises.

Most of those polled said that the United States, Japan and the European Community (EC) are economically the

top three entities in the current world; only 25.3 percent of them chose China in this respect.

However, 69.3 percent said that China would be among the three top countries economically in another decade, followed by the U.S., 66.3 percent, and Japan, 54.3 percent.

No more than 30 percent of those surveyed believed that any of the EC, Russia or Germany would be among the top three by that time.

Politically, the U.S., China and Russia will become the most important countries in ten years' time, most of the surveyed said.

Experts hold that China's economic, political and diplomatic achievements arising from the country's reform and opening-up policy have made the younger generation confident about the future of their motherland.

They said that a thorough soul-searching as regards Chinese history and a good knowledge of today's realities are behind the confidence of the young people.

The optimistic and upbeat attitude to life of the younger generation is a very important driving force for the advancement of China, the experts maintained.

The survey also concluded that young Chinese display great concern about prices, transportation, education, population and other major issues, and are keen to participate in the country's political life and economic development drive.

Article Views Outcome of 4th Plenary Session

HK1212120394 Hong Kong CHING PAO in Chinese
No 208, 5 Nov 94 pp 24-27

[Article by Chang Mu (1728 3092): "Jiang Zemin's Leading Status Is Affirmed, and Dozens of Supervisory Regulations Are To Be Promulgated"]

[FBIS Translated Text] The spectacular Fourth Plenary Session of the 14th CPC Central Committee, which was held by the CPC policymaking leadership in late September this year, was a meeting dominated entirely by CPC General Secretary Jiang Zemin. The "Decision" adopted by the meeting stated in explicit terms that the CPC has "completed the handing-over process from the central leading collective of the second generation to that of the third generation." This shows clearly that through adopting resolutions and decisions at its plenary session, the current CPC leadership with Jiang Zemin as the core can now officially announce that the takeover from the party leadership headed by Deng Xiaoping has been completed overall; and that the current CPC leadership enjoys the capability of keeping independent and firm control over all state powers and of handling possible social turbulence arising during the post-Deng era.

People overseas were surprised to see that this plenary session concentrated entirely on the party-building of the

CPC, yet they hardly realized the fact that the current CPC leadership was doing exactly what Deng Xiaoping told it to do: It is high time that the party seriously rectified itself. Besides, there is also the need for the implementation of Deng's instructions on maintaining overall stability across the country and fulfilling a smooth handover. Doubtless the current development will be the last and the most practical political gift that Deng Xiaoping can ever leave for Jiang. It thus can be seen that the position of Jiang Zemin as the leader and commander of the CPC leadership of the third generation has been affirmed and endorsed by the plenary session of the CPC Central Committee.

The CPC hierarchy believes: To unwaveringly uphold Deng's theoretical line for 100 years the party must consolidate its ideology, work style, organizational structure, and systems. Only by so doing can the party safeguard and maintain its ruling position, establish a new socialist market economic mechanism in China, and attain its goal of realizing modernization. In the CPC's current bid to strengthen party building, the most urgent tasks are to fulfill three "grand projects"; that is, to uphold and perfect democratic centralism, strengthen and improve the building of grass-roots party organizations, and bring up and select successors who are able to carry over the party work to the next century.

Preparations for the Meeting Took Half a Year

The CPC began to make preparations for its fourth plenary session shortly after Deng Xiaoping had made his appearance when spending the Spring Festival in Shanghai early this year, and after the Second Session of the Eighth National People's Congress [NPC] Standing Committee had lowered its curtain in Beijing.

The CPC leadership argues that the 14th Party Congress, which was held in October 1993, affirmed the guiding position of Deng Xiaoping's theory on building socialism with Chinese characteristics in the whole party, and determined the line and principles of the party; and now it is high time for the CPC to strengthen its party building so as to provide a sound organizational guarantee for the fulfillment of its general target and tasks of the new period. On the eve of the convocation of the 14th Party Congress, Deng Xiaoping gave a written instruction while examining the fourth draft of the documents to be used by the meeting: Democratic centralism is the fundamental organizational system of the party; therefore, the political report should devote a paragraph to this subject and a special discussion should be held at an appropriate time. To implement this instruction, the CPC made a decision in November last year on studying the Third Volume of the *Selected Works of Deng Xiaoping*; the central conference on propaganda and ideological work, which was held in January this year, stressed the need to pay simultaneous attention to the building of material and spiritual civilizations and to "attach equal importance to both"; while the Central Commission for Discipline Inspection also called a plenary session at

which a decision on strengthening the anticorruption campaign was adopted and concrete arrangements for promoting the party's ideological building and work style were made. Now, the party is beginning to see the need for working out a special plan concerning the consolidation of its organizational building. According to authoritative sources, the CPC believes that the disintegration of the East European countries and the former Soviet Union is the result of the peaceful evolution masterminded by the West, and also the outcome of "self-destruction" prompted by the countries themselves which, when facing the adverse impact of the "liberalization" tendency, negated the ruling party's principle of democratic centralism set forth by Lenin. During the 12th party congress, some suggested this organizational principle of democratic centralism be amended and substituted by the democratic system originally advocated by Marx, arguing that Lenin's idea in the old days had become out of fashion in today's world. However, this suggestion failed to pass the party congress.

Over recent years, amid the high tide of reform, opening up, and the development of the market economy, the party-building of the CPC has been crippled; and it is not uncommon for some party organizations at the grass-roots level to be lax in discipline and received coldly by the masses, while the work of others is even at a complete standstill. Failing to be honest and upright in their ways, certain party members and cadres have abused their authority and power for selfish ends, practiced graft, and become morally degenerate; and their malpractices have aroused the resentment of the masses. On the question of the exercising of authority by departments, units, and party organizations at different levels, it has become a common practice that only the principal leader or a minority of people have the final say or the ultimate decisionmaking power on matters that should be decided by the majority. Moreover, their failure to carry out to the letter policies issued by the central authorities and instructions given by their superior levels has led to a situation in which people are engaged in "small local cliques" and defy orders issued by higher authorities. Meanwhile, at a time when the new system is replacing the old and the legal system has yet to attain perfection, the lack of a powerful and effective supervision and restriction mechanism can also lead to the breeding and spread of power corruption.

The Drafting of Documents on the Party-Building Began as Early as Last April

At a Political Bureau meeting he presided over in early April this year, Jiang Zemin advanced a proposal that the issue of strengthening party-building be taken as the main theme of the upcoming plenary session. He stressed that principles and measures on the implementation of democratic centralism needed to be formulated so as to consolidate this fundamental organizational system of our party. A drafting group and a fact-finding group were specially formed right after the meeting; and Wang Weicheng, director of the Central Policy Research

Center, was appointed head of the drafting group. Starting in late April this year, the fact-finding group began to concentrate its attention on special subjects. Through its studies, the group began to see an urgent need for finding prompt solutions to three major issues concerning party work. They were democratic centralism, grass-roots party organizations, and the nurturing and selection of new leading cadres. With the addition of two special subjects, namely, "Deng Xiaoping's theory on the building of the ruling party" and "a new and grand project for party-building," a total of five fact-finding groups were then set up. With the arrival of May this year, the five fact-finding groups left for various provinces, municipalities, autonomous regions, and relevant central organs to conduct investigations and studies and to collect useful statistics. Based on the results of their investigations and studies, the five groups produced reports on different subjects, which finally gave shape to the first draft of resolutions to be discussed and amended by the forthcoming plenary session.

The Promotion of Wu Bangguo Attracts Both Domestic and Overseas Attention

Reinforcing the leadership of the central authorities over party work is considered the most prominent feature of the personnel readjustments made by the Fourth Plenary Session of the 14th CPC Central Committee. At the meeting, Huang Ju was elected a member of the Political Bureau of the CPC Central Committee (to fill the vacancy left by the late Tianjin Municipal party Secretary Tan Shaowen), so that he could gain a better command over the party and government work in Shanghai, a city standing at the forefront of reform. Besides the promotion of Huang Ju, former Shanghai Mayor Wu Bangguo and Shandong Provincial party Secretary Jiang Chunyun were also added to the Secretariat of the party Central Committee, purely for the purpose of overseeing the party work in Beijing. Raising the membership of the Secretariat from five to seven, the promotions of the two are seen as a move to further consolidate the role of the Secretariat. During his years as party chief in Shandong, Jiang Chunyun successfully led the province to attain rapid economic growth; at the same time, he also persisted in carrying out the "socialist education" campaign in rural areas, and paid simultaneous attention to the building of grass-roots party organizations. Song Ping, member of the Standing Committee of the Political Bureau of the 13th CPC Central Committee, who was then in charge of party work, thought highly of Jiang Chunyun's work. It is believed that after being brought into the Secretariat, Jiang will display his talent and acumen in putting an end to the slack management of party organizations in rural areas.

Among the three being promoted this time, the promotion of Wu Bangguo has attracted most attention. This is because Wu Bangguo has been assigned to assist Hu Jintao, member of the Standing Committee of the Political Bureau, with the CPC's organizational work, and has been entrusted with the heavy historic task of speeding

up the nurturing of successors who are able to carry on the party work into the next century. Among the members of the Political Bureau of the CPC Central Committee, Wu Bangguo (53), Hu Jintao (51) and Wen Jiabao (52) are three up-and-coming political stars born in the early 1940's. Having the same native province of Anhui, Wu Bangguo and Hu Jintao both studied at Qinghua University (Hu specialized in Water Conservancy Engineering and Wu Bangguo in Wireless and Electronics), and joined the CPC during the same period of April 1964. It can thus be said that being well acquainted with each other, the two cherish the same ideals and follow the same path. Therefore, by assigning Wu Bangguo to assist Hu Jintao with party work, the tacit mutual understanding between the two is most beneficial to the century-straddling operation of the CPC's leading mechanism.

Different Age Limits for Young Blood at Different Levels

At present, among the members of the Political Bureau of the CPC Central Committee, three have passed the age of seventy. They are Qiao Shi (70) and Liu Huaqing (78), members of the Standing Committee of the Political Bureau, and member of the Political Bureau Yang Baibing (74). In line with Deng Xiaoping's relevant instruction as well as the general trend of bringing more younger cadres into the party's leading bodies, the three elders will be relieved of office before the convocation of the 15th CPC National Congress at the latest.

Deng Xiaoping once stressed: We need to make selections and help train up the selected, so that more and more young people can become mature cadres. Far from being resolved smoothly, this problem still remains unsolved today, and I hope it can be settled satisfactorily. We must select and promote to the Political Bureau a number of people who are of a younger age and who are full of vigor and vitality. It would be better if they could be installed in the Standing Committee.

Deng Xiaoping has been calling attention to the need to infuse young blood into the party's leading bodies ever since 1985; however, time flies and another decade had passed before the CPC ever noticed it. Only at this time has the CPC leadership realized that its contingent of cadres is faced with another tendency of aging. A considerable number of leading bodies have failed to facilitate a reasonable echelon formation among their members of different age groups, and one particularly noticeable problem is that most principal leaders of these leading bodies have become overage and have yet to find successors. Failure to speed up the pace of selecting and promoting young cadres today will lead to a lack of successors by the end of this century or the beginning of the next. Statistics show that China has 35 million cadres today, of whom 40 percent are young cadres under the age of 35; and of the total number of leading cadres of party and government bodies at the county level and above, cadres under the age of 45 account for nearly 60 percent. At the present stage, leading cadres at the

provincial and regional levels, especially principal leading cadres, should pay close attention to the nurturing and promotion of young and promising cadres. Since the gradual formation of China's socialist market economic structure has set higher demands for the scientific and cultural qualities of cadres, there is an urgent need to recruit a large number of professionals in modern management, macroeconomy, law, finance, and foreign economic relations and trade; as well as people of talent who have the ability to take the reins of the market economy. In addition, there also exists an urgent need for readjusting the structure of both party and government leading collectives.

To this end, the CPC leadership has come out with explicit and concrete stipulations: Leading bodies at the provincial and ministerial level should replenish themselves with cadres who have passed the age of 40 but are not older than 50; while party and government leading bodies at the prefectural and city level and the county level should promote more cadres aged around 40 and 35 respectively. Efforts must be made to ensure that outstanding young cadres aged between 30 and 40 who enjoy both political integrity and ability can be promoted to party and government leading bodies at the county level and above. Leading bodies at different levels which have yet to attain the required ratio should make prompt replenishments; those which are unable to find suitable candidates right away should leave relevant positions vacant; and those which cannot find suitable local candidates should try to solve the problem through personnel exchanges with other localities and regions.

A Lengthy Rule Hinges on a Sound System

People both inside and outside China all share the view that if it wants to maintain its ruling position for a considerable period under the present circumstances, the CPC must abandon the traditional autocratic rule left over from the Mao Zedong era; administer the party and the country in strict accordance with the law; and establish a scientific political and economic structure characterized by fairness, honesty, democracy, and a high level of efficiency. This is the first time in 16 years since the introduction of reform and opening up that the CPC Central Committee has specially held a plenary session to discuss the issue of strengthening party building. The "Decision" of the plenary session also stressed that this is a "grand project of the new period." Shanghai Municipal party Secretary Huang Ju, who was recently elected a member of the Political Bureau of the CPC Central Committee, pointed out that the CPC "will work out an overall plan, and gradually set up its whole set of meticulously designed scientific organizational systems."

Deng Xiaoping believes: No matter how far they go to advertise their democracy, the Western countries need centralism all the same. Democratic centralism is the fundamental system of our party and country, and also the

most convenient and the most rational system. Therefore, we should never abandon this system.

To Westerners, centralism is no different from autocratic rule. Originally, centralism implies a practice by which the opinions and wishes of the majority can be fully reflected to the central authorities; and therefore it is different from the decisionmaking practice adopted under an autocratic rule. In China, however, from the "Leftist" years until the present, this system has never been carried out in its true sense. This is caused partly by the country's imperfect legal system and supervision mechanism, partly by the lack of transparency concerning the assets and financial incomes of members of leading bodies, and partly by the negative influence of the traditional decisionmaking procedure as well as the lack of ability of those who "make summings-up and give centralized guidance" (principal leaders, for instance, who are often expected to reach final conclusions and make final decisions).

The Five Viewpoints Reached by Theoretical Circles

At a time when China is pressing forward in an all-encompassing way the establishment of a new market economic structure, the CPC's renewed stress on the principle of democratic centralism has met with varied views and responses. According to analyses made by the theoretical circles participating in relevant investigations and studies, there exist the following five viewpoints: 1) The theory of obsolescence. People holding this view believe that the principle of democratic centralism is linked with both the war years and the years when a planned economy was practiced; therefore, it is an antiquated idea to apply this principle to the development of a socialist market economy today; 2) the theory of deviation. To people holding this view, what counts in the market economy is the law of value and the law of competition. However, the practice of democratic centralism deviates from the law of value; moreover, since it will impose more restrictions on our work, this system is liable to lead to unequal competition; 3) the theory of antagonism. Some people argue that at a time when all sectors are required to adopt the responsibility system, the enforcement of democratic centralism will inevitably prove itself antagonistic to the responsibility system of administrative chiefs; 4) the theory of separation. People believing in this theory are apt to place a one-sided stress on either democracy or centralism, thus cutting apart the organic connections and inner relations between the two; and 5) the theory of fade-out. Under the negative influence of incorrect theories advocated by foreign countries, some people deem it necessary to let the role of democratic centralism fade away.

Yet, despite the above five different viewpoints, both authoritative sources from theoretical circles and the CPC leadership basically share the view that the establishment of a new socialist market economic structure is the outcome of the efforts of Deng Xiaoping and other central leaders who persist in implementing the principle

of democratic centralism while carrying out the policy of reform and opening up. From the adoption of the contracted responsibility system with remuneration linked to output in rural areas to the establishment of special economic zones and the opening of coastal cities, and from the practice of an economy which mainly relied on the planned economy while making market regulation subsidiary to the practice of a socialist market economy characterized by all-position reform and opening up, our work in all fields has passed the extensive tests of practice, and has always been propelled forward by the scientific decisionmaking process of democratic centralism. To promote the market economy, we should, on the one hand, make our economic activities accord with the requirements of the law of value, and bring into full play the role played by the price lever and the competition mechanism; and, on the other hand, consolidate and improve the state's macroeconomic control and regulation so as to check the spontaneity, blindness, and other defects of the market. Moreover, we should give rein to the dominant role of enterprises in the market on the one hand, and subject them to the policy guidance and organizational management of the government on the other; and bring into full play the enthusiasm of local governments on the one hand, and preserve the authority of the central government on the other. A perfect and effective democratic centralism is needed for developing the market economy, for accelerating the building of a democratic and scientific decisionmaking mechanism, for pushing forward the building of the legal system, for coordinating relations among different economic interests, for offsetting the negative effects of the market, and for expediting the building of a modern enterprise system. Further action must be taken to improve and perfect the system of democratic centralism, so that it will not change because of changes of leaders or because of change in the concepts or attention of leaders. Such a system can help check incorrect tendencies of various kinds, prevent individuals from making arbitrary decisions, and guard against ultrademocracy.

Regulations on Improving the Supervision Mechanism To Be Promulgated One After Another

To establish in real terms a scientific and effective system of democratic centralism among party and government leading organs at all levels, what counts is to set up a well-organized mechanism of restriction and supervision. It has been learned that the CPC plans to adopt, one after another, dozens of regulations which will guide the work of both the central party authorities and local party committees. Through the promulgation of these regulations, the CPC hopes to stipulate in explicit terms the scope of responsibility, rules of procedure, and decisionmaking process of party committees and their standing committees; clearly define the responsibilities of party organizations at all levels and the democratic rights of all party members (including democratic participation, democratic elections, democratic decisionmaking, and

democratic supervision); introduce rules on and consolidate the mechanism of inner-party supervision, so as to gradually give shape to a powerful and effective supervision structure inside the party; and accelerate the establishment of a number of systems concerning the selection, training, assessment, promotion and demotion, rewards and punishments, exchange, evasion [hui bi 0932 6699], tenure, and appointment of party and government cadres. Over recent years, the NPC and the Chinese People's Political Consultative Conference have received a total of 14 proposals for the adoption of a "Sunlight Law [yang guang fa [7122 0342 3127].]" At the beginning of this year, the NPC formally brought into its legislation schedule the establishment of an assets and incomes declaration system for government workers, and the Ministry of Supervision has already worked out details concerning the system. According to a briefing, this declaration system will be set up in phases: Relevant regulations concerning the declaration of assets and incomes will first be promulgated, and the scope of declaration will be limited to yearly income at the initial stage. Then, based on the steady progress of the practice, the scope of declaration will be expanded to cover all assets and incomes. The "Sunlight Law" will only be promulgated when all necessary conditions reach maturity.

What merits special attention is the fact that right after declaring the completion of the handing-over process, the CPC leadership of the third generation headed by Jiang Zemin is immediately stressing the need for the party to establish a solid central leading collective in practice, the need for this leading collective to obey the command of its core, and the need for the whole party to conscientiously safeguard both the central leading collective and its core. This is proving to be a major issue concerning the successful implementation of democratic centralism.

It can be said that Jiang Zemin's position as paramount leader of the party and the country has been fully established and secured at the Fourth Plenary Session of the 14th CPC Central Committee.

Article Views Rival Political Factions

HK1312095294 Hong Kong TANGTAI in Chinese No 44, 15 Nov 94 pp 26-27

[Article by Han Ming-ta (7281 2494 6671): "Playing Tricks To Establish Authority—Rise of 'New Left-wing' Deserves Attention"]

[FBIS Translated Text] According to government sources in Beijing, the recent call by the CPC Central Committee to consolidate authority has two targets: First, in relations between the central and local governments, the authority of the central government should be greater than that of local governments. Second, in relations between the government and the people, the authority of the government should be greater than that of the people.

However, the call was also directed against a third target among various circles at the central level, where "each has its authority," "you cannot represent the authority of the central," and "my authority is not less than yours." They have their own interpretation of "consolidating authority" and have their own moves to "consolidate authority."

Six Forces in Political Arena

As analyzed by the people concerned, there are currently six forces in China's political arena. The relative strength of these forces varies, quite significantly in fact, and there is really no comparison between them. The first force is the "Shanghai faction" headed by Jiang Zemin. The second is the "league faction" (officials who rose to power through the Communist Youth League). The third is the "new left wing" headed by the offspring of China's top leaders. The fourth is the "black horse group" headed by Qiao Shi. Fifth is a group of former officials from the Zhao Ziyang era. Sixth is the "ultra-Leftist force" headed by Deng Liqun. (There is another delineation which includes "local forces." We will not delve into this because it is at a different level.)

Li Peng and Zhu Rongji do not constitute a force to be reckoned with. Li Peng's power is significantly less than before not only because of the "June 4" incident but also due to his ability. Zhu Rongji, on the other hand, has been unable to consolidate his power because he is always working with others. Although he holds important office, he will only be a vanguard in China's political environment. He can work with Jiang Zemin and he can work with Qiao Shi, but he will have difficulty ascending the "throne."

Jiang Zemin Appreciates "New Left Wing"

Among the six forces mentioned above, Jiang Zemin's "Shanghai faction" has an obvious edge over the others. Although he has conflicts of interests with other forces, he also has "possibilities of alliances" with other forces. For instance, he can work shoulder to shoulder with Zhu Rongji, or promote people from the "league faction" to important positions (because the "league faction" has not yet developed into a rival force) or even mobilize the forces of the "new left wing." His recent move to consolidate his authority with the help of the "new left wing" deserves attention.

There is as yet no consensus on the term "new left wing" among mainland theoretical circles, and those who are looked upon as members of the "new left wing" do not regard themselves as such. It is a term that is only beginning to be used by an increasing number of people. This force mainly includes three types of people: The first type includes the offspring of senior cadres who are commonly referred to as the "princelings". The second type includes young people who see problems in reform and tend to take a conservative (some say prudent) approach in handling problems. They have a more open

image, and some have their own opinions. The third type includes people who are compelled to take sides because they believe that reform in China is unlikely to yield immediate results. They are people who tend to be "yes men" at times. These three types of people have different backgrounds and aims. (We will not say whether their aims are right or wrong because we cannot make such a sweeping statement). Hence, in the wake of the putting forward of "new authoritarianism," investigations of new theories such as "democratic socialism" have been taking place one after another. Regardless of their differences, these are opinions that can be utilized by Jiang Zemin.

"New Left Wing" Publishes ZHANLUE YU GUANLI

A 1992 article in ZHONGGUO QINGNIAN BAO calling for the "party's ownership of state-owned assets" is an excellent example of this. The "report on national ability" prepared earlier by Hu Angang (advocating the return of powers to consolidate the power of the central authorities) was also much appreciated by Jiang Zemin. "Looking at China Through a Third Eye," recently published by Wang Shan, was a book highly recommended by Jiang Zemin during his inspection of Jilin.

It is understood that in order to make its views known to more people, the "new Left wing" has established a "strategy and management research society" and will publish a monthly entitled ZHANLUE YU GUANLI. However, they have maintained a very low profile and have declined interviews with the mainland media. Actually, they have sufficient venues of their own to spread their influence, including the editorial departments of ZHONGGUO QINGNIAN BAO [CHINA YOUTH NEWS] and BEIJING QINGNIAN BAO [BEIJING YOUTH NEWS].

Qiao Shi Consolidates Authority in NPC

Jiang Zemin is consolidating his authority, and so is Qiao Shi, who is putting his main energies into the National People's Congress [NPC]. Some time ago, he was able to change the process by which the NPC exercises its role as "the supreme organ of power in the country" through a series of speeches. The former practice of "crossing the river by feeling one's way along" has been replaced by legislation and enactment. Legislation in the NPC is handed over to experts and is no longer drafted by administrative organs and then discussed by the NPC. Local governments are also given greater legislative power to meet the needs of opening up. One can say that his methods to consolidate his authority have been quite "proper."

However, he has not eased his hold on the political-legal systems. He recently reiterated that the political-legal system was an important component of the state machinery. Thus, dictatorial power in this respect and the legislative power of the NPC together form Qiao Shi's power base.

Zhao Ziyang's Former Lieutenants Are Also Active

Zhao Ziyang's former lieutenants have also been quite active recently. However, it is still too early to talk about a Zhao Ziyang comeback, and the activities of his former lieutenants should only be seen in the context of their own roles in the affairs of the state. For example, the International Strategic Studies Society, the World Observation Society, and the Chinese Culture Center organized by them are largely concerned with the discussion of issues.

It is understood that Zhao Ziyang has fared better in recent years and has traveled more widely outside Beijing (although he still cannot go to Guangdong or Sichuan). He recently visited Guangxi, and it has been easier visiting him at home. People can visit Zhao Ziyang if he does not object to the visits. However, his "comeback" is not as real as it has been made to sound. Some people think that if Jiang Zemin is thorough and clear-headed in his considerations, he would appoint Zhao Ziyang to some advisory post (if Zhao Ziyang was willing) after the death of Deng Xiaoping, thereby creating a more relaxed environment.

Ultra-Leftists Hope Central Committee Will Be More "Left"

The strength of the ultra-leftists, spurned by everyone, has been further weakened. Media under their control will also be further reduced (see article entitled, "Further Discussing Need To Vigorously Grasp Ideology"). Their only hope is for the Central Committee to become "Left" once again or for the "princelings" to become more influential. However, since the Chinese Communists still need these people to control the ideological realm, they will be able to cause a nuisance for some time to come.

Bestseller Opposing 'Turmoil' Adapted for TV

HK1312105994 Hong Kong AFP in English 0927 GMT
13 Dec 94

[By Peter Lim]

[FBIS Transcribed Text] Hong Kong, Dec 13 (AFP)—A bestseller entitled, *China Can't Afford Turmoil*, which feeds on burgeoning fears of the country's breakup upon the death of Deng Xiaoping, will be adapted into a television series, the editor said Tuesday. The book, compiled by a group of Chinese scholars, professors, writers, and researchers based in freewheeling Shenzhen, on the border with Hong Kong, has been "overwhelmed" with offers from television stations, said editor-in-chief Qiao Lijun.

Filming for a 10-part documentary series based on the book is expected to begin next week, said Qiao.

The book's reception has been strange because it has become both trendy and has received kudos from the Communist Party and government.

"China can't afford turmoil because there is a possibility of complete chaos" amid growing corruption, income gaps, and peasant discontent, said co-editor Chen Tianze.

The book's compilers surveyed a cross-section of Chinese citizens ranging from impoverished peasants to disaffected intellectuals and wealthy private entrepreneurs and printed the disturbing results: If steps are not taken now, China's millennia-old civilization faces disintegration and disorder. The theme has become an increasingly popular one, especially since the Chinese military opened fire on pro-democracy demonstrators in Beijing in 1989. At the time, the government labelled the protests a form of "luan," or turmoil, that had to be contained to protect China's future.

But many students and scholars have since said that the violent crackdown was actually aimed at protecting the party and served only to deepen social fault lines that could break the country apart on the death of China's last emperor, Deng Xiaoping. A number of scholars say that no one within the party has the legitimacy or the authority to hold China together after Deng's death without liberalizing the political system.

The book, though, backs Deng's call "to let stability prevail over all else." In effect, it calls for a compromise between estranged elements of society and the government to preserve the Chinese motherland.

The writers recommend that the government ease the burdens of increasingly poor peasants who have borne the brunt of the downside of economic reforms. They also call for a deeper understanding of and respect for intellectuals in China, where becoming part of the educated elite has always been dangerous. Intellectuals have been the main target of political purges since the first united China was forged in 221 BC through burying alive hundreds of scholars and burning most of the books then in existence.

The book calls for a new union of cadres, scholars, and peasants based on the goal of saving China and averting chaos.

Compiled by the Xinyanhuang Cultural Exchange Centre, the book supports Deng's view that China's economic development and prosperity depends first and foremost on guaranteeing political and social stability. But unlike the government, it does not attempt to minimize or hide traces of turmoil that threaten the nation. "The turmoil is just another kind of hidden crisis," the authors wrote in the preface of the book. They concluded that failing to expose the sources and potential of turmoil would be more dangerous than burying the issues.

FBIS Media Note: Political Journals Debate Definition of Socialism

[FBIS Media Note] A debate over the correct interpretation of Deng Xiaoping's definition of socialism has

been heating up in three prominent political journals. The debate centers on whether, under Deng's definition, "the development of the productive forces" should be considered a means or an end toward achieving socialism and on its implications for public ownership. While two pro-leftist journals favor retention of the traditional communist practice of predominant public ownership, the Beijing Party Committee journal argues that the form of ownership should conform to the needs of developing the productive forces, at least in the short-term.

The Beijing-based, pro-leftist journal ZHENLI DE ZHUI QIU on 11 October 1994 published an article arguing that the development of the productive forces is only one component of socialism. According to author Huang Mi in his article titled "Thoughts on the Essence of Socialism," this partial definition has become a "pet phrase" for many people, including "a large number of leading cadres," and this has led to "a great deal of confusion in people's minds." Huang contends that this selective definition omits the four other essential components of socialism—listed by Deng in the third volume of his *Selected Works*—namely, the freeing up of the productive forces, the elimination of exploitation, the elimination of polarization, and all ultimately becoming well-off. He attributes receptivity of this selective definition to "those millionaires, billionaires, and corrupt officials who have illegally gained exorbitant profits, all parasites, and various hostile, international forces." He further criticizes "some cadres and even leading cadres who are indifferent to the weakening and demise" of the public ownership system because they happen both to be and to represent the beneficiaries of the weakened public ownership system.

Huang argues that this selective definition of socialism should not be taken as the essence of socialism because it fails to differentiate socialism from capitalism and because current developments in China's economy make socialism's ability to develop the productive forces appear in efficient and noncompetitive. He boldly asks: "If the essence of socialism is to develop the productive forces, ... can we accept capitalists, with their tremendous productive forces, as socialists?" Huang then demonstrates that it is in fact the non-publicly-owned sector that is leading China's reform, citing the following statistics: Whereas in 1980, 99.5 percent of China's gross value of industrial output (GVO) was produced by the publicly-owned sector, with state-ownership representing 76 percent of the sector, by 1992 the state ownership percentage had shrunk to 48 while that of the non-state-owned sector had increased to 52. Huang observes that in practice, a large proportion of the collective economy is already private "under the guise of" public ownership. He also notes that many township enterprises are in fact private contractors. He further cites a forecast for China predicting that in the year 2000 the state-owned sector will produce only 25 percent of

gross national output while the collectively-owned sector will account for 50 percent and the private sector for the remaining 25 percent.

Huang acknowledges the need for an economy to go through a "non-socialist phase" in order to stimulate the development of the productive forces but questions whether this should be achieved at the expense of weakening or even eliminating socialism. He also questions the sense of narrowly defining socialism as "the development of the productive forces" when during this necessary, non-socialist phase, the existing socialist economic sector is at a competitive disadvantage. Existing state-owned enterprises, for example, bear the burden of providing lifetime security for workers and are weighed down with obsolete technology while non-state-owned enterprises are constantly being given preferential treatment to encourage greater foreign investment and participation in the international market. He contends that using this definition, at a time when socialist enterprises are struggling alongside their non-socialist counterparts due to their heavier social responsibilities, "is to mock the very word socialism." Furthermore, he observes with alarm that currently the total savings owned by the wealthiest 2-3 percent of the population "far exceeds the total savings of the 80 percent of the population constituted by average peasants." He also asserts that the public "is not happy with this situation, and in particular with inequitable distribution, the widening of income gaps, and subsequent polarization."

Presenting a more comprehensive definition of socialism, Huang cites Deng Xiaoping's definition designating public ownership as the mainstay of the economy and calling for all to become well-off. Continuing by pointing out that public ownership avoids polarization and guarantees political stability, he cites the violent disruptions in Eastern Europe and the former Soviet Union, which he attributes to the erosion of public ownership. He even attributes 1989's Tiananmen turmoil to the growing influence of private ownership and observes that public ownership provides the economic underpinnings of social stability and thus avoids the corruption that enrages the public and leads to political unrest. Finally, he emphasizes that public ownership allows the people to remain masters of the state and cautions that "those reactionary forces in western, capitalist countries" are "instigating" socialist countries to abandon their systems of public ownership so as to further peaceful evolution. He pointedly reminds his reader, "the bottom line of communist theory can be summarized as the elimination of private ownership."

Similarly emphasizing the importance of public ownership to China's brand of socialism, an article in the 20 October 1994 edition of another Beijing-based, pro-leftist journal—DANGDAI SICHAO—criticizes those both within and outside China who, in divorcing the market element of the economy from socialism, call for a return to private ownership. In this article titled "Understanding Socialism With Chinese Characteristics" author Fan Ping argues that predominant public

ownership is a key feature of socialism with Chinese characteristics and that only private ownership that does not challenge this predominance can be permitted. Fan also criticizes those who view predominant public ownership as merely the "means" to the "end" of developing the productive forces and who thus are not opposed to seeking an alternate form ownership to better achieve this end.

Bolstering his argument that developing the productive forces is not an end in itself for socialism, Fan refers to the Third Volume of Deng Xiaoping's *Selected Works* where Deng makes explicit that the goal of developing the productive forces is "to continuously improve the material and cultural needs of the people" and create a material basis for the realization of future communism. Not only does Fan criticize those who would abandon public ownership, but considering the political dimensions of socialism, advocates that a Western-style parliamentary system should never be adopted in China, nor in the name of "democracy," "freedom," or "human rights" should the basic socialist principle of the dictatorship of the proletariat ever be abandoned.

Fan insists that the only correct ideological and cultural path for socialism is adherence to the principle of upholding Marxist-Leninist-Mao Zedong thought. Categorically opposing any entertainment of pluralism in guiding ideologies, he criticizes "those people who advocate "multiple guiding ideologies" as wanting "to disintegrate our party's theoretical basis and carry out bourgeois liberalization." He also warns that "materials that poison the people, pollute society, and are anti-socialist should not be allowed to spread." He argues that China needs to promote its own fine cultural traditions and absorb the best achievements of world culture without, in this process, carrying out national "nihilism and total westernization"—an expression that harks back to language used by leftists criticizing bourgeois liberalism in the wake of the Tiananmen incident. Fan warns that unless the correct socialist ideology is in place, bourgeois ideology will have room to gain ground leading to ideological confusion, and, ultimately, political floundering.

The articles discussed above appeared after the publication of an article by Xiao Qian titled "Correctly Understand the Essence of Socialism," in the 1 October 1994 edition of the Beijing Party Committee journal XUEXI YU YANJIU that defended the view of "ownership as a means and the freeing up and development of the productive forces as an end." (In publishing that article, the journal departed in principle from its past practice of defending predominant public ownership in articles such as the one titled "We Must Adhere to the Public Ownership System as the Mainstay of the Economy" that appeared in the September issue.)

The October issue article by Xiao Qian avers that to view public ownership rather than the development of the productive forces as an end in itself is to repeat a

mistake. Criticizing those "certain cadres" who challenge this interpretation, he cautions those who would make public ownership "an end" to remember the disastrous consequences in the 1950s and 1960s when China abolished private ownership and "created a uniform public ownership system that caused stagnant and weak production." Arguing that the issue is not the pursuit of an ideal ownership system divorced from the concrete conditions of the productive forces, Xiao insists that any given form of ownership must be compatible with the development of the productive forces. He ends by warning against any premature, cross-the-board reimplementation of public ownership in China.

Military

Central Meeting Spirit Relayed to Beijing PLA

HK1212134794 Beijing JIEFANGJUN BAO in Chinese
7 Dec 94 p 1

[Dispatch by reporter Xin Yu (2450 1342): "Three People's Liberation Army General Departments Convene a Meeting of Leading Cadres in Charge of Beijing-Based Units at and Above Army Level To Relay the Spirit of the Central Economic Work Conference and Urge the Whole Army To Support the Country's Economic Construction"]

[FBIS Translated Text] Beijing, 6 Dec—Three People's Liberation Army [PLA] general departments yesterday convened a meeting of leading cadres in charge of Beijing-based units at and above army level to relay the spirit of the central economic work conference and to urge the broad masses of PLA officers and soldiers to clearly understand the situation; further strengthen confidence; and implement a series of principles and policies mapped out at the conference in an exemplary way.

Chi Haotian, Central Military Commission member and defense minister; Yu Yongbo, Central Military Commission member and PLA General Political Department director; Fu Quanyou, Central Military Commission member and PLA General Logistics Department director, attended yesterday's meeting.

At yesterday's meeting, presided over by Yu Yongbo, Chi Haotian relayed the important speech delivered by General Secretary Jiang Zemin at the aforementioned central economic work conference and entitled "Clearly Understand the Situation, Unify Ideology, Successfully Carry Out Next Year's Economic Work"; Yu Yongbo relayed the important speech delivered by Premier Li Peng at the same central economic work conference and entitled "Continually Strengthen and Improve Macroeconomic Regulation and Control, Ensure Sustained, Rapid, and Healthy National Economic Growth Next Year"; and Fu Quanyou relayed the summing-up speech delivered by Vice Premier Zhu Rongji at the same central economic work conference and entitled "Unify Understanding, Coordinate the Pace."

After the above-mentioned speeches were relayed, Yu Yongbo delivered, in accordance with the CPC Central Committee arrangements and the Central Military Commission leaders' instructions, a speech on how PLA troops should study and implement the spirit of the aforementioned central economic work conference in light of actual conditions. He stated: General Secretary Jiang Zemin, Premier Li Peng, and Vice Premier Zhu Rongji summed up in their important speeches the country's reform and development in the last year; analyzed the current situation; and clearly defined the guiding ideology as well as a series of principal tasks and policy measures for the country's economic work in 1995. Thus it is necessary to conscientiously study and implement to the letter the spirit of their important speeches, this being of the utmost importance, he added, to unifying the ideology of the whole party; to firmly upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; to comprehensively implementing the spirit of the 14th CPC National Congress, the spirit of the Third Plenary Session of the 14th CPC Central Committee, and the spirit of the Fourth Plenary Session of the 14th CPC Central Committee; to continually pressing ahead with reform and opening up; and to bringing about a sustained, rapid, and healthy national economic growth under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core.

Yu Yongbo also spelled out the following requirements on how PLA troops should study and implement to the letter the spirit of the aforementioned conference: First, he said, it is imperative to conscientiously study and comprehend the spirit of the aforementioned speeches. While trying to acquire a comprehensive understanding of the general guiding ideology, principal tasks, and key aspects of the country's economic work in 1995, he stated, PLA troops should make redoubled efforts to comprehend the scientific analysis of the situation made by General Secretary Jiang in his speech so as to enhance confidence in furthering reform and opening up.

Second, it is imperative to implement the series of principles and policies mapped out by the aforementioned conference in an exemplary way. PLA troops have all along had the fine tradition of obeying the CPC's orders and conscientiously implementing the CPC's line, principles, and policies. Thus they should now strive to implement to the letter the series of policy measures mapped out by the aforementioned conference, including: Stepping up macroeconomic regulation and control; bringing inflation under control; slowing down excessive consumption fund expansion; curtailing the capital construction scale; and putting a stop to unbridled increases in individual incomes and increased consumption by social groups. In addition, PLA troops should consciously maintain a high degree of ideological and political unity with the CPC Central Committee and take actual action to support reform, opening up, and economic construction.

Third, it is imperative to energetically advocate the fine tradition and style of hard work and plain living; take overall interests into account; show concern for the country's difficulties; and consciously work for the country's overall interests. To this end, PLA troops should work hard; practice economy; and carry out careful calculation and strict budgeting. It is necessary to conduct education on hard work and plain living among PLA troops. As the year is coming to an end, PLA troops should strive to strictly control budgetary outlays. To this end, high-ranking leading cadres should take the lead in advocating a clean and honest work style and in overcoming the decadent style of seeking ease and comfort and practicing extravagance and waste.

Fourth, it is imperative to attach great importance to and make a success of ideological and political work in the course of deep-going reforms. Next year, the country will continue to push forward a variety of reforms aimed at building a socialist market economic structure. Therefore, it is imperative to educate and urge the PLA troops to persistently uphold the spirit of hard work, plain living, and selfless devotion and also to more successfully withstand the test of readjustment of interest relations. It is also imperative to make sound livelihood arrangements for PLA troops and do more practical things for the grass-roots level.

Yesterday's meeting was attended by leaders in charge of the three PLA general departments; leaders in charge of the Beijing-based large units; and leading cadres in charge of the Beijing-based units at and above army level.

CISS Views Post-Cold War International Strategy

OW1012023794 Beijing XINHUA in English 1542
GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—The China Institute for International Strategic Studies (CISS) will further strengthen its studies on changes in the post-Cold War international situation, the world's strategic structure as well as the strategic situation in the Asia-Pacific region.

According to the CISS annual meeting held here this morning, the organization will also enhance its academic exchanges with foreign countries to serve China's development in diplomacy and other aspects.

Presiding over the meeting, Xu Xin, president of the CISS and deputy chief of the General Staff of the Chinese People's Liberation Army, called on the organization to conduct deep-going studies in specific fields of international strategy and further its exchanges with the outside world for the promotion of understanding between different countries.

The CISS, founded in 1979, is a nongovernmental organization. So far, it has set up connections with organizations of strategic studies and academic institutes

in more than 40 countries. In addition, it has also published academic magazines and monographs.

Economic & Agricultural

Vice Premier Li Lanqing Views GATT Reentry

Date 'Acceptable' to China

HK1312042194 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 94 pp 1, 11

[By Linda Choy in Beijing and Correspondents in London and Washington]

[FBIS Transcribed Text] China agreed that its reentry into GATT by next July was "acceptable" provided it was assured of being a founding member of the World Trade Organisation.

Vice-Premier Li Lanqing, who holds the trade portfolio in the State Council, reportedly told a visiting business delegation from Hong Kong that it would accept the proposal put forward during negotiations in Geneva by the European Union (EU).

The plan, however, is now being considered by the US, which China has said is blocking its re-entry and demanding too much from Beijing by way of concessions as the price of admission to the General Agreement on Tariffs and Trade (GATT).

And while Chinese and US teams are locked in negotiations in Geneva over China's compliance with requirements for re-entry to GATT, which next month is absorbed into the newly established World Trade Organisation, Washington is set for a new round of tough talking on trade in Beijing.

Washington has indicated it intends taking action over intellectual property violations in China by publishing a hitlist of up to US\$1 billion (HK\$7.72 billion) of mainland products to be targeted for sanctions.

The US side has laid out a bottom line for resolution of the issue, including much tougher enforcement of China's copyright laws and better market access for American products in the sector. But it is extremely frustrated that even its minimum demand—that China shut down the 26 CD pirating plants that are churning out millions of counterfeit discs—has not been met. "A billion dollars worth is a lot of stuff," said a trade source. "But the US really wants to nail this issue. They want to get it done before they conclude all the GATT issues. "China has done a lot in raising public awareness of intellectual property, but then, what if they won't even close these 26 factories?"

China has reacted angrily in the past to US threats to implement the sanctions permitted under Special Section 301. And only last Wednesday, China's chief GATT negotiator and deputy vice minister at the Ministry of Foreign Trade and Economic Co-operation, Long

Yongtu, threatened to close its markets if the US persisted in being "difficult" in the Geneva talks. Mr Long even suggested China would take back all of the concessions that it made on opening its market to the outside world if re-entry to GATT was not achieved before the end-of-year deadline.

He last night accepted that the EU proposal for China to be admitted to the world body at a later date was acceptable. But he stressed that this did not mean that there would be any wavering on the January 1 cut-off point that China has imposed on new substantive offers. "I cannot see any change in our position on the deadline," he said. However, he added that he was prepared to accept the informal EU proposal as a concession for more bargaining time, and said that it was really no more than a "so-called creative arrangement".

The American team in Beijing for talks on intellectual property has not been optimistic about a major breakthrough for China to avoid the imposition of sanctions. The "retaliation list" of products is expected to be published next week, as required under American law.

Although the act will likely anger the Chinese side, a US spokesman said Beijing had already been informed that Washington intended to do it. Although it is not known exactly what types of products will be on the list, a trade source said it was expected to be worth between US\$800 million to US\$1 billion of Chinese imports. An inter-agency meeting was held earlier this week in Washington to lay down strategy for the last stretch of negotiations.

Although the US Trade Representative can extend the deadline by three months, it is extremely reluctant to do so, reasoning that Beijing will only make crucial concessions if it knows the US is serious about sticking to its deadline.

Upbeat on Reentry Timetable

HK1312124194 Hong Kong TA KUNG PAO in Chinese
13 Dec 94 p 2

[("Special dispatch" from Beijing: "Li Lanqing Talks About Issue of Reentry Into GATT and Stresses That Postponement Until Next July Is Acceptable")]

[FBIS Translated Text] Beijing, 12 Dec (TA KUNG PAO)—State Council Vice Premier Li Lanqing met with a visiting business delegation from Hong Kong at the Great Hall of the People today. After the meeting, Li Sau-hung, chairman of China Hong Kong Economic and Trade Association and Hong Kong affairs adviser, quoted Li Lanqing's remarks on the issue of China's reentry into GATT, saying: Other negotiators have proposed that the issue of China's accession to the World Trade Organization [WTO] be postponed to next July. This is acceptable provided that China is assured of being able to reenter GATT before next July and retain the status of being a founding member of the WTO.

Li Sau-hung said after the meeting that the visiting delegation discussed the issue of China's reentry into GATT with Li Lanqing and quoted him as saying: China hopes to reenter GATT by the end of this year, otherwise China will not take the initiative in asking for talks on this issue next year. Since U.S. negotiators proposed that the issue of China's accession to the WTO be postponed to next July, China will accept the proposal provided it is assured of being able to reenter GATT and retaining its status as a founding member of the WTO.

Li Lanqing also expressed hopes to strengthen training work in the mainland and Hong Kong because, in carrying out reform and opening to the outside world, China has to exchange experience with Hong Kong on a lot of issues such as intellectual property rights among others. Meanwhile, he hopes that Hong Kong people will also receive training in the mainland. Though the mainland has a high level of scientific research it still hopes to have Hong Kong's coordination and cooperation to achieve commercialization in the market.

In addition, he also showed special interest in the coordination and convergence between Hong Kong and the mainland in economic, law, and other areas during the latter half of the transition period.

Zhu Rongji on Need for Enterprises To Repay Debts

HK1312073094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0808 GMT 9 Dec 94

[FBIS Translated Text] Beijing, 9 Dec (ZHONGGUO TONGXUN SHE)—In view of the fact that many state-owned enterprises have failed to repay their debts, Zhu Rongji recently pointed out that although state-owned enterprises bear heavy burdens, arrears on their debts to banks still cannot be written off. If arrears can be written off, enterprises will no longer attach importance to their obligations as a debtor; if debtors are allowed to default on loans, the banks will all end up closing down. Factories going bankrupt can have their assets auctioned or can be merged with other enterprises, and as much money as possible retrieved from asset auctions or mergers should be returned to the banks in order to repay debts.

In view of the fact that debt chains have reappeared among state-owned enterprises, Zhu Rongji pointed out that new methods should be adopted to solve the debt problem: In the production field, the State Economic and Trade Commission, by joining hands with the Industrial and Commercial Bank, should take the main responsibility for arranging inputs of a certain amount of working capital to break debt chains. Debt arrears in the capital construction field should be solved by the State Planning Commission. Orders should be issued to repay debts before a set deadline, and banks should be told to stop offering new loans. At present, working capital remains strained, and defaults are the main reason for this strained financial situation.

Zhu Rongji on Internationalizing Accounting System

OW1212155894 Beijing XINHUA in English 1520
GMT 12 Dec 94

[FBIS Transcribed Text] Shanghai, December 12 (XINHUA)—China is making new efforts toward a unified and more scientific accounting system in line with the commonly accepted international practice.

According to an international accounting seminar sponsored by the Chinese Ministry of Finance, China is seeking to join the International Accounting Standards Committee in order to the national accounting standards into line with those practiced internationally.

Accounting experts from Japan, France, Germany, the United States, Canada and the World Bank participated in the seminar.

Chinese Vice-Premier Zhu Rongji said in a letter of congratulations that the establishment of a unified and more scientific accounting system conformable to international standards is the basis for better managing enterprises and establishing a modern enterprise system.

Chinese Vice-Minister of Finance Zhang Youcai told the seminar that China has made considerable progress in its reforms of the finance, taxation, investment, prices, foreign exchange, and foreign trade this year.

The implementation of the reform measures has made it more pressing for China to introduce national accounting standards in line with the international practice, he noted.

Zhang revealed that his ministry has prepared standards for a dozen areas such as accounts payable, stock, loss and gain table, fixed assets, intangible assets and futures and will work out another 30 sets of specific standards in the next three years that will cover such areas as accounts receivable, investment, foreign currency conversion, social security, and cash flow table.

Minister Liu Zhongli Pledges Tighter Fiscal Policy

OW1312095594 Beijing XINHUA in English 0930
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—The state revenue and expenditure, spurred by the rapid expansion of the domestic economy, are expected to exceed the budgeted figures this year, according to the Ministry of Finance.

Finance Minister Liu Zhongli has pledged to introduce a tighter fiscal policy in 1995, as part of the ongoing efforts to bring down inflation.

The latest statistics from the ministry show that China's revenue in the first 11 months posted an increase of 18.9

percent over the same period of last year, to reach 419.5 billion yuan. The spending for the same period grew by 22.1 percent.

While describing the whole fiscal picture as "basically normal," the minister told a national conference here today that there are still some problems which deserve public attention and concerted efforts.

The problems include a slower-than-expected growth of the central revenue, swelling tax defaults by enterprises and abuse of public funds.

Liu urged the over-300 local financial and tax officials present at the meeting to step up efforts to collect taxes and recover overdue tax payments in the remaining days of the year.

Revenues collected after the fulfilment of quotas should be used to pay workers' wages first and then applied to urgent projects.

He warned against year-end overspending, and abuse of public funds in particular.

"In fighting against inflation, we will adopt a tighter fiscal policy next year," said the minister. "However, we will earmark more money for agricultural production, the stability of which is decisive for reducing inflation."

The ministry will strictly control the growth of wages in state enterprises. Wage increases should be kept smaller than the general increase in enterprise tax and profit earnings, or lower than the increase of productivity.

People who squander public money will be severely punished, according to Liu.

Chen Jihua Views Overall Economic Outlook

HK1312063394 Hong Kong WEN WEI PO in Chinese
29 Nov 94 p A2

[Report on interview with State Planning Commission Minister Chen Jihua by Liu Yung-pi (0491 3057 4310), He Liang-jiang (0149 0081 0081), and Yang Fan (2799 1581) in Beijing; date not given: "In an Interview With WEN WEI PO Reporters, Chen Jinhua Summed up This Year's Work, Talked About Eight Major Economic Achievements, and Revealed That GDP Would Increase by More Than 10 Percent This Year"]

[FBIS Translated Text] Beijing, 28 Nov (WEN WEI PO)—State Planning Commission Minister Chen Jinhua recently disclosed to reporters from this newspaper that China's GDP is expected to increase by about 11 percent over last year. Total grain output for the whole year is expected to rank among the best years in history. The total import and export volume is expected to increase by about 10 percent over last year. Over the whole year, the amount of loans borrowed from foreign countries and investment directly made by foreign businessmen will also increase.

He said that this year, China's economic and social development had made eight major achievements:

First, reforms in the areas of taxation, finance, foreign trade and exchanges, investment, and the circulation system have all been implemented smoothly, steady change to the new system has been realized and operations are basically normal, and important headway has been made in establishing a socialist market economy macroregulation and control system.

Second, a high economic growth rate has been maintained amid a steady slowdown. GDP over the whole year is expected to increase by about 11 percent. Of the increase, primary industry has grown by 4 percent, secondary industry by 17 percent, and tertiary industry by 9 percent. The situation of slow growth among state-owned industrial enterprises has changed, and their annual growth is expected to reach 7 percent. Major industrial products such as coal, crude oil, power generation, steel, chemical fertilizer, ethylene, cars, chemical fibers, and yarn have all fulfilled or overfulfilled state plans. Telecommunications, transportation, and internal trade have all experienced relatively big increases.

Third, in the area of agricultural production, good harvests have been achieved. Although relatively serious flooding and drought occurred this year, grain output for the whole year is expected to rank among the best years in history and cotton output will increase 10 percent over last year, while output of oil crops, poultry, eggs, aquatic products, and fruit will increase to varying degrees over last year.

Fourth, key state construction projects have been strengthened. The overall scale of this year's investment in fixed assets throughout society is expected to increase by 24.4 percent over last year, and this means a 34 percentage point decrease in the rate of growth. The excessively rapid increase in investment in fixed assets has been checked initially and the investment structure has been improved. The availability of funds promised for key construction projects is markedly better than in recent years, and this year has seen improved fulfillment of construction in basic industries and infrastructure when compared to recent years.

Fifth, the taxation and financial situation continues to remain stable. The increase in revenue has been relatively quick, and the unfavorable balance between income and expenditure for the whole year can basically be controlled with the budget. The financial order has markedly improved. Savings deposits among urban and rural residents have increased greatly, and the scale of credit and currency issuance among banks have been brought under better control.

Sixth, opening up to the outside world continues to maintain a good trend. It is expected that, for the whole year, the total import and export volume will increase by about 10 percent over last year, and the year-end cash balance of foreign exchange will increase compared with

last year. The range of the utilization of foreign funds continues to expand, and the actual amount of utilized foreign funds will surpass that of last year.

Seventh, urban and rural residents continue to find that their living standards are improving. The situation of slow income growth among peasants has improved, and per-capita annual income is expected to see a real increase of 4 percent over last year. Monthly income used for the cost of living among urban residents will actually increase by about 7 percent. The total retail volume of consumer goods in society is expected to increase by about 30 percent over last year, and after deducting the price factor, the actual increase will be about 7 percent. This year, the total area of residential housing to be completed for urban residents is expected to reach 128 million square meters.

Eighth, science, technology, education, and various social undertakings are developing thoroughly.

At the same time as he fully affirmed the achievements of reform and development over the year, Chen Jinhua pointed out that some problems exist in national economic development. These problems are: First, price increases are constantly high, inflation is rather serious, and from January to October, the general level of retail prices in the whole country increased by 21.3 percent over the same period last year.

Second, agriculture is still the weakest link in the national economy. In recent years, agriculture has earned relatively low returns, the state and collectives have not inadequately injected funds to agriculture, and, in particular, some localities have neglected agriculture and the area under grain has decreased. Some localities have lost their self-sufficiency in grain and must now import grain instead of exporting grain. There are more debts involving agricultural infrastructure, and there is a weak ability to resist natural disasters.

In addition, quite a number of state enterprises have difficulties in production and operations, suffer overstocking of unsalable products, and have lax internal management, poor economic returns, and a serious situation of losses and outstanding tax payments.

However, the planning commission minister thinks that the Chinese Government has the determination, ability, and confidence to earnestly solve these problems in the future to ensure the sustained, rapid, and healthy development of the national economy.

State Council Issues Circular on Bankruptcy

HK1312064994 Beijing ZHONGGUO ZHENGQUAN BAO in Chinese 18 Nov 94 p 1

[Report: "State Council Issues Circular on Deepening Reform of Enterprise Bankruptcy Mechanism"]

[FBIS Translated Text] In view of some important and difficult points at present in the practice of arranging

enterprise bankruptcy, the State Council recently issued a document entitled "Circular on Some Issues in Arranging Bankruptcy of State-Owned Enterprises on a Trial Basis in Cities." The circular has made it more feasible to arrange enterprise bankruptcy and is of positive significance in deepening reform in the field of building up a bankruptcy mechanism for state-owned enterprises.

At present, in 18 cities, including Shanghai and Tianjin, pilot schemes for optimizing the capital structure of enterprises and for building and improving the mechanism of keeping the good and eliminating the bad are continuing. The State Council's circular was aimed at providing concrete rules and methods for solving problems which have appeared in experiments to arrange enterprise bankruptcy.

The circular pointed out: When an enterprise goes bankrupt, it should first properly arrange for the livelihood of its workers in order to ensure social stability. The land use rights of bankrupt enterprise should be transferred according to the procedures prescribed by the relevant laws and regulations by means of auction or tender invitation. Income from such transfers should first be used to arrange the livelihood of the workers, and the remainder should be included in the unified property distribution scheme together with other assets of the bankrupt enterprise.

As for handling the property of a bankrupt enterprise, the circular requires that before the property is redistributed, the value of the property should be assessed by a special institution so that a floor price can be fixed for auction and tenders. Then the property should be transferred by means of auction and tender according to the procedures prescribed by the relevant regulations. If income from transfers of land-use rights is not enough for arranging the livelihood of workers, income from the transfer of other property can be partly used for this purpose. Before the enterprise goes bankrupt, the funds it raised from its workers in order to continue production should be regarded as wages the enterprise has failed to pay its workers, and the interest rate on such debts should be the same as the interest rate on bank deposits during the same period. Financial inputs by workers to the enterprise before bankruptcy should be regarded as bankrupt property.

On the issue of arranging the livelihoods of workers in a bankrupt enterprise, the circular pointed out that the government encourages workers to seek new jobs by themselves. For those who have found new jobs by themselves, the government will issue a lump sum of compensation and they will not keep their status as workers in a state-owned enterprise. The lump sum should be three times the average annual income of enterprise workers in the same city. During a period of unemployment, workers of a bankrupt enterprise may enjoy benefits accorded by unemployment insurance according to the "Regulations on Unemployment Insurance for Workers in State-Owned Enterprises." If a

worker still cannot get a new job at the end of the unemployment period, he or she may receive social relief funds issued by the civil affairs department of the local government if he or she satisfies the terms for recipients. The pensions and medical costs of retired workers of a bankrupt enterprise will be borne by local pension and medical insurance institutions.

Because banks may incur losses as a result of failing to retrieve their loan principal, the circular demanded that the relevant regulations of the state be strictly followed in handling such bad debts; with the approval of the headquarters of the relevant state bank, banks may withdraw funds from reserve fund accounts to settle bad debts according to a set proportion to write off bad debts.

As for complete takeovers of bankrupt enterprises, the circular stipulated: When another enterprises take over a bankrupt enterprise as a whole, the former should take over responsibility for paying off the debts owed by the latter and for arranging the livelihood of the latter's workers, and it can also enjoy preferential treatment for enterprise mergers as prescribed by the relevant state regulations.

Before an enterprise declares bankrupt, it should get the endorsement of its creditors for two-thirds of its debts and should be approved by the local government at the city or county level. Subsidiaries which can still achieve good economic results can be separated from the bankrupt parent enterprise; after separation, the former should bear a proportion of the debts owed by the parent enterprise.

Grain Sellers Open Urban Chain Stores To Reduce Costs

HK1312075094 Beijing CHINA DAILY in English 12 Dec 94 p 3

[By Ma Zhiping: "Profitable Grain Chain Shops Open in Cities"]

[FBIS Transcribed Text] Many grain sellers are opening urban chain stores in a bid to reduce costs, improve services and boost efficiency.

The move has come a year after the State stopped controlling grain prices and axed grain coupons.

Until then, State-owned grain stores were the traditional grain suppliers.

But now they have hit hard times. Heavy economic losses and more private businesses have joined the grain retail business in cities and townships—a development which has increased competition.

And grain administrators have had to introduce chain-store management to keep their heads above water. Some cities like Guangzhou have benefited from the

change. And the city has even made considerable social and economic development since the chain stores opened.

The Guangzhou General Company of Grain, Oil and Food has turned 49 of its traditional stores into chain shops with the same decoration, name and management.

The stores, which sell grain, cooking oil, local food and daily necessities are doing a roaring trade.

With their large stocks, wholesale services and strict price controls, they have made these super grain markets popular with the locals.

Now, the shops' economic efficiency is improving. Since last year, efficiency has increased by 60 per cent and workers' incomes have gone up sharply.

And the trend is spreading. In Yantai, Shandong Province, the Grain and Edible Oil Supply Company is setting up chain stores selling instant food, grain and oil.

The chain stores have made it possible for the new shops to continue their traditional role as the major urban grain suppliers.

Two-thirds of Shanghai's 1,200 grain stores have been turned into chain stores, while others have introduced co-operative management or leased the premises to other businesses in the city.

Member stores under the Hongliang Chain Store Company in the Hongqiao District have made rapid progress. They have increased from 11 early this year to over 70. Other small shops selling tea, wine and tobacco are joining in as members of the company.

Shenyang, Dalian, Jinan and Wenzhou cities are also ready for chain grain stores.

Experts said developing a new market-style management, like the chain store, has been a practical way of improving the old unified management of retail stores. It has provided a stronger base for the shops to survive and develop with the growing market economy.

Plans Aims To Confine Unemployment Rate

HK1312071294 Beijing CHINA DAILY in English 12 Dec 94 p 1

[By Cao Min: "Plans Aim to Confine Jobless Rate Within 2.8 Percent"]

[FBIS Transcribed Text] China is expected to limit its unemployment rate to about 2.8 per cent this year, said Labour Minister Li Boyong. The number of new urban employees will be 7 million by the end of 1994, he added.

At a national labour conference yesterday, Li explained that the increased employment resulted from expansion of the domestic labour market, reforms of the old labour system and the great efforts made by labour administrations at all levels.

In 1995 the ministry expects to keep unemployment below 3 per cent by expanding the domestic labour market and setting up public employment agencies and job training centres at the county level.

It plans to stress enforcement of the Labour Law, which will become effective on January 1 of 1995, Li said. To alleviate increasing unemployment pressure, the Ministry of Labour has experimented with a "Re-employment Project" for laid-off workers in Liaoning Province, Shanghai and another 25 cities, according to Li.

Local governments adopted preferential policies for business that hire the unemployed. For example, such enterprises are exempt from some taxes and given easy access to bank loans and materials.

Besides providing financial relief to those out of work, the project intends to improve workers' skills through further training. Then they may have a broader choice of jobs. After receiving vocational training, laid-off State workers are encouraged to change their professions or work in private enterprises and joint ventures.

By the end of November this year, Liaoning—one of the major provinces of heavy industry in China—had helped 32,299 unemployed find jobs, provided 100,000 laid-off workers new employment opportunities and trained 20,000 jobless through the re-employment project, according to Dai Mingxun, director of Liaoning Province's Labour Department.

Dai said that the province had initiated this programme in the hope of putting more than 650,000 laid-off workers into new jobs within three years.

Earlier this year, the central government had planned to keep the urban unemployment rate below 3 per cent. It estimated that the labour supply would outstrip demand over the next few years.

Last year, the country's unemployment rate was 2.6 per cent, up from 2.4 per cent in 1992. However, more labourers remain under-employed. By the turn of this century, China expects to see an additional 268 million new job-seekers—68 million in cities and 200 million in the rural areas, the Ministry of Labour revealed.

The minister also told the participants of the conference to guard against factors contributing to instability and possibly affecting labour relations. Initial statistics show that by the end of September about 3.14 million workers had not received wages from their employers because of their enterprises' poor performances. Another 490,000 retired workers had not received their pensions. This resulted in 1,528 appeals made by workers to higher authorities for their help.

Planning Conference Projects Lower Inflation

OW1312094994 Beijing XINHUA in English 0923
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—The Chinese Government has projected a lower

inflation rate for the coming year while striving to maintain an appropriate economic growth.

The national planning conference, which ended here today, stressed that to bring down inflation will stand at the core of the government's economic task next year.

Senior officials from both ministries and provincial governments discussed during the conference the draft of the national plan on economic and social development in 1995.

In 1994, China has smoothly carried out a wide range of major reforms and achieved positive effects in strengthening macro-economic control, the conference pointed out.

The national economy has stayed on fast track this year with Gross Domestic Product (GDP) expected to grow by 11 percent, Chen Jinhua, minister in charge of the State Planning Commission, told the meeting.

While construction of the state's key projects has sped up to help improve infrastructure, the financial, banking and foreign trade sectors have all been developing soundly, Chen said.

However, excessive inflation has been an outstanding problem affecting the national economy and tough measures must be taken to effectively reduce inflation in 1995, the conference held.

It urged all central departments and local authorities, in a bid to ensure a sound, sustainable and fast economic development, to work out practical planning for the next year in the following aspects:

- Setting reasonable economic growth targets with all factors, especially the anti-inflation move, taken into account;
- Increasing funds for agricultural development and supply of major agricultural and side-line products;
- Strictly controlling fixed-asset investment, improving the structure and efficiency of investment while scaling down the excessive expansion in consumption funds;
- Paying close attention to the improvement of industrial structure and efficiency, and making enterprises more market-oriented by upgrading their products and technology;
- Rectifying the order of the circulation system and tightening supervision on market prices with emphasis placed on products of grains, cotton, edible oil, meat, vegetables and chemical fertilizers;
- Further expanding foreign trade, using foreign funds more effectively and improving the structure of foreign investment in line with state industrial policies;

—Promoting science, education and other social undertakings to increase the living standards of people and maintain a coordinated development of the economy and society.

High Inflation Pushes Up Wages

HK1312071094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0724 GMT 9 Dec 94

[FBIS Translated Text] Beijing, 9 Dec (ZHONGGUO TONGXUN SHE)—High-speed economic growth and inflation in China have once again pushed up the general level of wages. According to statistics, in the first nine months of this year, the average wage of workers in the whole country was 3,008 yuan, up by 663 yuan, or 30.9 percent over the same period last year. After the inflation factor is deducted, wages still increased by 5 percent. It is expected that the average annual wage of workers throughout the country will reach 4,200 yuan, a 24-percent increase over last year's level.

Wage levels in some industries and institutions are too high, and this has drawn up the average wage level in society. At present, high-income industries include the financial and insurance industry, the foreign trade industry, the electric power and transportation industry, and the posts and telecommunications industry. In these monopoly industries, workers enjoy high and stable incomes. In addition, some business companies are reaping staggering profits at no cost as they have access to state loans and preferential policies, and workers in these companies also enjoy high incomes. Experts say that such high incomes could hardly be regarded as relevant to the productivity of such industries and institutions.

On the other hand, according to statistics from China's labor department, at the end of September, there were a total of 4.36 million jobless people in cities and towns, and the urban unemployment rate across the country rose from 2.6 percent at the end of last year to 2.7 percent by the end of September this year. Because of the suspension of operations in their enterprises, 3.14 million workers received lower wages. For various reasons, 490,000 retired people did not receive their pensions on time.

Production Pattern Capable of Producing Car Types

OW1312063294 Beijing XINHUA in English 0523 GMT 13 Dec 94

[FBIS Transcribed Text] Wuhan, December 13 (XINHUA)—China has formed a new and more rational automobile production pattern, and is now capable of producing five kinds of automobiles.

Information from the Dongfeng Automobile Conglomerate, headquartered in Shiyan City, in central China's Hubei Province, reveals that heavy-duty trucks are now manufactured at the Jinan Heavy-Duty Truck Company,

a Sino-Austrian joint venture in east China's Shandong Province, a workshop launched by the Mercedes-Benz Company of Germany in Baotou City in north China's Inner Mongolia Autonomous Region and at the Nissan Diesel Locomotive Project in Xiangfan City, Hubei Province.

The No.1 Motor Vehicle Plant in Changchun City, in Northeast China's Jilin Province, and the Dongfeng Automobile Company produce medium-duty trucks, while plants in Nanjing, Beijing and Shenyang cities, and Guizhou Province turn out light-duty trucks.

Shanghai, Beijing, Tianjin, Guangzhou and the No.1 Motor Vehicle Plant and Dongfeng Automobile Company produce sedans and other types of cars under the Santana, Audi, Peugeot and Daihatsu brand names.

Chongqing City, in southwest China's Sichuan Province, and Guizhou Province produce mini vans.

Coastal Provinces Combat Smuggling of Human Cargo

OW1212140194 Beijing Central Television Program One Network in Mandarin 1411 GMT 10 Dec 94

[From the "Night News" program]

[FBIS Translated Text] The Ministry of Public Security recently held a special meeting in Fuzhou, calling on the public security organs and border defense departments in five coastal provinces—Fujian, Guangdong, Zhejiang, Shandong and Liaoning—to make concerted efforts to crack down on transprovincial [kua sheng qu] activities of smuggling people out of China.

It is reported that the smuggling of people out of China now and then in some coastal regions of the country has taken place in the last two years, and transprovincial activities in this regard have been particularly serious. Cooperation between the five provinces is designed to make the efforts more effective in combating crime.

The meeting demanded: All five provinces should wage a special struggle against the smuggling of people out of the country, particularly in areas where smuggling is frequent. It is necessary to discover the secret passages [di xia tong dao] used for smuggling, catch a number of key smuggling organizers, educate the masses, and severely punish the smuggling organizers and those who transport the illegally outgoing travelers or give shelter to them.

The meeting also called on public security and border defense departments to improve the management of ships, firmly inspect and deal with any ships which do not have a ship number, name, or registration, and do a good job in the annual inspection of ship documents and fishing certificates. According to the meeting, the five provinces had already made joint efforts and successfully cracked some smuggling cases. On 15 April 1994, the Guangdong Provincial Border Defense Bureau, tipped off by the Fujian Provincial Border Defense Bureau,

caught in Nanhui City 107 people from Fujian Province trying to leave China secretly. On 29 June 1994, the Zhejiang Provincial Border Defense Bureau, tipped off by the Fujian Provincial Border Defense Bureau, caught in Wenzhou City 72 people attempting to sneak out of the country.

Cooperation With U.S. on Voice-Processing Technology

OW1212141994 Beijing XINHUA in English 1406 GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—The Active Voice Corporation (AVC), a U.S. Giant in voice products, has designated the Peking University Founder Group Corporation (PUFGC), China's computing leader, as its sole marketing agent in China.

The two companies also made public today the latest voice-processing products they have jointly developed.

Digital voice processing technology originated in western countries in the 1980s. The technology has proven useful in increasing the capacity of existing telephone networks by using sophisticated computer technology to process voice messages.

The latest products that were made public today included the Repartee Voice Processing System, Repartee Hospitality Package, Active Fax, and a standard applied and development platform for voice processing.

The Repartee Voice Processing System has some new functions such as automatic telephone operator, voice mail-box and interactive voice response. The Active Fax is a powerful combination package that includes fax mail and fax-on-demand.

According to the Active Voice Corporation, the voice processing systems are being used by over 20,000 clients throughout the world, ranging from telecommunications companies to hotels and financial institutions.

Chinese experts noted that the popularization of this voice processing technology is bound to help ease the pressures on China's telephone communications.

PUFGC will not only simply resell AVC's products, but also take advantage of its sophisticated computing technology to redevelop them and make them more marketable in China, said PUFGC's General Manager Huang Luping

Import, Export Tops 200 Billion Dollar Mark

OW1312040194 Beijing XINHUA in English 0239 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China's import and export volume in the first 11 months of this year totalled 200.28 billion U.S. dollars-worth, a rise of 22 percent over that of the same period of last year.

This is the first time that China's annual trade volume has topped the 200 billion U.S. dollar mark in the history of the country's foreign trade.

Of the total trade volume, exports came to 102.5 billion U.S. dollars-worth, representing a 31-percent increase, while imports amounted to 97.75 billion U.S. dollars-worth, a 13.8-percent increase.

Customs statistics show that the ratio of industrial manufactures for export increased while that for imports decreased. The growth rate of exported electrical and machinery products was faster than the average growth rate of China's foreign trade.

Oil Output Hits 133 Million Tons in 11 Months

*OW1212132694 Beijing XINHUA in English 1320
GMT 12 Dec 94*

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—China produced 133 million tons of crude oil over the past 11 months, roughly the same as that in the first 11 months of last year.

This includes 127 million tons from onshore oilfields and 5.86 million tons from offshore oilfields.

“Judging from the present production trend, China's gross crude output for the whole year is expected to top 145 million tons,” said an official with the China National Petroleum Corporation (CNPC). The onshore crude yield is expected to reach about 138.5 million tons.

He attributed the steady onshore crude output to the implementation of the strategy of “Stabilizing oil production in East China while developing new oil fields in the western region.”

Most of the oilfields in East China, including Daqing, Huabei and Liaohe, have succeeded in maintaining, or even increasing their crude yield, the official said.

New oilfields in the western region, such as Xinjiang, Turpan-Hami, and Tarim, have recorded increases in their crude output, he added.

Offshore crude production, having fulfilled its yearly target more than a month ahead of schedule, continues to grow, said an official from the China National Offshore Oil Corporation.

He put offshore crude production by the end of this year at some 6.4 million tons, almost a 40 percent increase from 1993.

Meanwhile, China's natural gas output swelled to 14.86 billion cubic meters over the past 11 months. It is expected to reach 16 billion cubic meters by the end of the year.

Commentary Urges 'Entire Society' To Help Poor

OW1212131294 Beijing XINHUA Domestic Service in Chinese 0518 GMT 11 Dec 94

[Short Commentary by reporter Pu Liye (5543 4539 2814)]

[FBIS Translated Text] Beijing, 11 Dec (XINHUA)—Regarding the Wulin mountain area as its permanent aid-the-poor target, the Ministry of Agriculture has persistently helped that region for 10 years. The famous village of Huaxi in Jiangsu is opening training classes to help cadres in poor areas widen their knowledge and change their dispositions. Liuhang village of Shandong's Zibo, a village most people have never heard of, is China's first village to have established sister village ties with poor villages. To accomplish the goal of common prosperity, the ministry and the villages consider helping poor areas their own responsibility. We should emulate and learn from their spirit and deeds.

At present, some 80 million people in China are still constantly suffering from the problem of inadequate food and clothing. We cannot solve the poverty problem of so many people by depending on the state only. It will not work either if we just ask those poor areas to deal with the problem by themselves, because natural conditions and infrastructure in poor areas are a lot worse than in other places. Under such circumstances, it is very necessary and urgent to call on the entire society to help the poor.

In addition to the theory that “the more people participate in an undertaking, the more achievements we can realize,” there are two more reasons to encourage the entire society to help the poor: first, China is a socialist country, and the goal of socialism is to lead the masses of people in realizing common prosperity. Second, during the reform and opening up over the past years, some regions and individuals have obtained the ability to help the poor. Do we not often hear about someone spending a lot of money carelessly? If these people can change slightly the “direction” in which their money flows, some poor peasants' living standards might be improved with their help.

To help the poor does not necessarily mean donating money. We can help the poor in many different ways. If you have capital in hand and investment projects in mind, why not invest your money and set up factories in poor areas? In this way, you can help other people and make money at the same time. If you are a technician or have special skills, simply go to economically underdeveloped areas to teach your skills to people there. The skills you teach them are keys to the door of prosperity. Do what you can to help people in poor areas develop economically. It is a benevolent deed worth praising.

The existence of 80 million poor people is a heavy burden that we cannot avoid shouldering. If each of us can contribute a little to the elimination of poverty, then this number will become smaller and the pace of poverty elimination in poor areas will be quickened.

East Region

Anhui Governor Views Economic Quality

OW121209094 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 10 Dec 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] We now broadcast an article entitled Improve the Quality of Economic Operations and Follow the Road of Development That Stresses Quality and Returns, written by Anhui Provincial Party Committee Secretary Lu Rongjiing:

Anhui's economy has enjoyed sustained rapid development for three years. Big changes have taken place in the face of Anhui's economic sector after three years' great development. It has not come easily. We should treasure the successes achieved so far and strive to maintain good momentum in Anhui's economic development by all possible means. Recently, I conducted a thoroughgoing survey and study on the issue of how to maintain good momentum in Anhui's economic development. On the whole, my understanding is that, to maintain good momentum in development, we must change the pattern of economic growth. As everyone knows, there are two different ways to accelerate economic development. The first way is to increase quantity—namely, depend mainly on expanding input to increase output. The second way is to focus on quality and returns—namely, closely integrate the expansion of input with the promotion of technical advances. In this way we strive to increase total supply and demand mainly by improving the quality and returns from economic operations. Judging from the current situation of reform and development, I think Anhui should complete the strategic shift from the pattern of economy that stresses an increase in quantity to a pattern of economy that stresses quality and returns as quickly as possible in a bid to enable Anhui's economy to get onto the track of a virtuous circle and speed up the pace of making Anhui powerful and its people prosperous.

First, the shift to a pattern of economy that stresses quality and returns is urgently needed by the current economic operations. We should be soberly aware of the fact that the quality of Anhui's economic operations is not high at present. Such problems as an irrational industrial structure, a relatively low level of technology and management among enterprises, and not very ideal economic returns still exist. Therefore, the foundation for sustained, rapid economic development is not solid. The quality of enterprises as a whole is not high. It means that they are not very capable of opening up new markets and that they will have difficulty selling their products in the markets in other provinces and abroad. Low returns will lead to slow growth in income and demand. The capacity of markets in Anhui is expanding at a slow pace. As a result, the contradiction between production and sales or, in other words, the contradiction between a rapid increase in production and market capacity is

becoming increasingly intense. Furthermore, due to a relatively low level of returns, Anhui's capacity to accumulate funds is weak; there is a serious shortage in the total amount of funds; and the irrational industrial structure and poor quality of enterprises will result in a decrease in the efficiency of the use of funds year by year. If things go on like this, we shall not be able to guarantee that the supply of funds will meet the needs of rapid economic growth. It is thus clear that the space for the pattern of economy that stresses quantity is becoming smaller and smaller after years of great development. It will be hard for Anhui to maintain momentum in rapid economic development for long if the problem of quality and returns is not resolved successfully. We should judge the hour, size up the situation, complete the shift to a new pattern of economic growth in a timely manner, and win a new opportunity for development.

Second, the shift to a pattern of economy that stresses quality and returns is an objective requirement for our progress to a new stage of industrialization. As Anhui has entered into an intermediate stage of industrialization, it has gained a certain foundation for accelerating development. The shift to another pattern of economic growth is inevitable. During the initial stage of industrialization, the structure of demand was a pattern that focused on providing enough food and clothing for the people due to their low level of income, and the demand was mainly characterized by an increase in quantity. However, after Anhui progressed to an intermediate stage of industrialization, the structure of demand shifted to a pattern characterized by a need to enable the people to lead a fairly comfortable life due to an increase in their income. In this stage, the people's demand on the quality and grade of products became the main trend; the focus of industrial development shifted to intensive and precision processing of resources; the industrial chain [chan ye lian] extended rapidly; the industrial structure began its progress to a high-class one; the role played by resources in industrial development became less important while the role played by technology rose drastically; and the endeavor to expand the scale of industrial structure and upgrade production technology became the key to sustained economic development. We should have a clear understanding of the new situation during the new stage of industrialization; correctly handle the relationship between resources, technology, and market; and extricate ourselves from the prevailing mode of thinking under the conventional pattern of economy that relies mainly on resources and speed up the pace of shifting to a pattern of economy that stresses quality and returns.

Of course, the task to transfer the rural areas' labor force in Anhui is still considerably heavy. We should proceed from actual conditions, encourage village and town enterprises to adopt more labor-intensive technologies, and vigorously develop the tertiary industry which employs a larger labor force, thereby further accelerating the transfer of the rural areas' labor force while promoting technical advances.

Third, the shift to a pattern of economy that stresses quality and returns is an inevitable choice for us to progress to a socialist market economy. Enterprises are now responsible for their own profits and losses. It will be difficult for them to survive and develop if they have no returns. Control over the market of products has been basically lifted. It will be difficult for commodities to enjoy good sales if they are not low in cost and high in quality. In particular, in view of the fact that the pace of China's reentry into the GATT is being sped up, that China will possibly join the World Trade Organization in the near future, and that the domestic market will directly converge with the international market, competition will be even more fierce and the demand on enterprises' quality will be even higher. Meanwhile, a market of funds is taking shape and banks are becoming commercialized. If income and savings are low, banks will not have an aggregate amount of funds at their disposal to grant loans. It will be more difficult for enterprises and projects having poor returns to be granted bank loans. After the fiscal and taxation system is changed to a revenue-sharing system, a locality will not be able to proceed with construction projects if it cannot improve economic returns as well as revenues from collection of tax payments. As a result, local economic and social development and the authoritativeness of the local government will be adversely affected. It is thus evident that we should have a clear understanding of the new situation, adapt ourselves to the new environment, complete the shift to a new pattern of economy, and shift the focus of economic work to optimizing structure, expediting technical advances, and improving returns.

Fourth, the shift to a pattern of economy that stresses quality and returns is also an effective way to narrow the gap between Anhui and other advanced provinces and municipalities. Anhui has low levels of returns and income, poor ability to accumulate funds, and little input. If it follows the road of an economic pattern that stresses quantity to produce returns, it will undoubtedly get bogged down in a vicious circle of low returns, low income and accumulation, low input, and low returns. As a result, instead of being narrowed, the gap between Anhui and coastal areas and between Anhui and other advanced provinces and municipalities will be widened. However, if it follows the road of development by adopting a pattern of economy that stresses quality and returns, it will depend mainly on technical advances to increase total supply and demand and will thus give full play to its superior [words indistinct] and accelerate development. This is because areas which are relatively late in starting industrialization can learn from and draw on the experiences gained by advanced areas in technology, management, organization, and systems to establish a comparatively high starting point, to leap over the stage of the systems development, and to rapidly catch up with advanced areas. The central part of Anhui has relatively strong technological capabilities and a multitude of qualified personnel. It is all the more necessary for Anhui to make use of such a favorable condition, to

occupy a commanding elevation in the competition before other provinces or municipalities do, and to narrow the gap between it and other advanced provinces and municipalities as quickly as possible. The provincial party committee and the provincial government have always attached importance to quality and returns. Now, we specifically raise the requirement on completing the shift to a pattern of economy that stresses quality and returns. The raising of such a requirement shows that they have a clearer understanding of the issue and are more firmly determined as far as the issue is concerned. At present, to complete the shift, we must focus efforts on successfully tackling the following tasks: First, we must improve our understanding; second, we must successfully storm heavily fortified positions in carrying out reform; third, we must focus attention on the major points of the shift to a pattern of economy that stresses quality and returns; and fourth, we must further attach importance to the training and use of qualified personnel and the development of science and technology as well as education because they have long-term strategic significance for us to develop a pattern of economy that stresses quality and returns.

Water-Control in Full Swing in Anhui

OW1012040794 Beijing XINHUA in English 0234
GMT 10 Dec 94

[FBIS Transcribed Text] Hefei, December 10 (XINHUA)—Repair and construction of water-control projects are now in full swing in east China's Anhui, a province frequently plagued by floods and drought throughout its history.

To date, more than eight million laborers have been organized to work on the 100,000 construction sites, with 30,000 machines. Out of the 27 key projects started on the Huaihe river since 1991, when the province was hit by the most serious flood in its history, six have been completed.

More than 700 million yuan have been poured into a project to harness the Huaihe river, the largest inland river in the province. Total investment will amount to 1.4 billion yuan.

Local authorities have tried to collect funds from various sources for construction of water-control facilities. So far, the province has more than 70 million yuan ready for such projects this year, 48 million yuan of which was raised by local people.

In some counties farmers are encouraged to dig ponds and plant trees to guard against floods and drought. In Shouxian County, ponds are expected to increase the county's water storage capacity by more than 40 million cubic meters this winter.

Fujian Encourages Foreign Investment in Power

OW1212031794 Beijing XINHUA in English 0256
GMT 12 Dec 94

[FBIS Transcribed Text] Fuzhou, December 12 (XINHUA)—Southeast China's Fujian Province is encouraging overseas investment in its power industry.

According to the provincial planning committee, the local power supply has fallen behind the rate of industrial growth.

A recent survey showed that overseas business people have invested a total of 250 million yuan in building power projects in the forms of joint venture and sole overseas investment so far this year.

The province is expecting more overseas investment in this field.

Fujian intends to raise 40 billion yuan, nearly half of which will come from overseas, for its power industry development by the end of this century.

Jiangxi Expands Copper Production Capacity

OW0912153494 Beijing XINHUA in English 1506
GMT 9 Dec 94

[FBIS Transcribed Text] Nanchang, December 9 (XINHUA)—The central government has approved the expansion of the Guixi Smelter of the Jiangxi Copper Industrial Corporation in Jiangxi Province.

Listed as one of the key state projects, the second phase requires 1.9 billion yuan in expansion, and will increase its production of electrolytic copper to 200,000 tons annually upon completion.

China produces 700,000 tons of copper a year which, is well below its needs of one million tons.

The Jiangxi Copper Industrial Corporation is one of the country's largest combines covering everything from mining to smelting. It has six mines and the modern Guixi Smelter equipped with advanced foreign technology and equipment.

According to an official there, key equipment and technology of the second phase will be imported from overseas.

Shandong Secretary on Land Administration Reform

SK1312024994 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 12 Dec 94

[FBIS Translated Text] The provincial working conference on the reform of land use system was held in Jinan on 12 December. Attending the conference were Zhao Zhihao, secretary of the provincial party committee and governor of the province; Li Chunting, deputy secretary of the provincial party committee and vice governor of

the province; Li Zhen, chairman of the provincial people's congress standing committee; Zhang Ruifeng, vice governor of the province; Zhai Yongbo, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; and (Li Yuan), deputy director of the State Land Administration Bureau.

Zhao Zhihao pointed out in his speech: Deepening the reform of land administration and land utilization systems suits the needs of the socialist market economy and is conducive to protecting land resources. We should further implement the cardinal national policy of extremely cherishing and making reasonable use of every inch of land and actually protecting cultivated land, should foster the anxious sense of regarding the land as gold, and should always put the protection of land resources in the strategic position of having a bearing on the whole situation, just like we do in practicing family planning and environmental protection. We should continue to list the protection of cultivated land as one of the important contents to assess the official performances of government leaders at all levels. We should readjust the structure of the agriculture-oriented industry and vigorously develop forestry and fruit production. We should give priority to ensuring the acreage of cultivated land used to grow grain, cotton, and oil-bearing crops. The land designated as basic farmland should be subject to special protection and should not be used for any other purpose. Forces should be organized to conduct an all-around inspection on the situation of the land under protection throughout the province. All the land left unused should be settled in accordance with stipulations.

Zhao Zhihao said: We should change the old concept that the land is owned by departments or units and thus can be used without compensation and foster the new concept that the land is owned by the state and thus should be used on a paid basis. We should further expand the scale of the land under paid utilization and should incorporate the land originally transferred through administrative means to the orbit of paid utilization in a planned and step-by-step manner. We should standardize land use rights and land transfer markets to prevent the sales of land at lower prices, the sales at deceived prices, and black market behaviors in land transactions.

Zhang Ruifeng also made a speech at the conference.

Commentary on Land Management

SK1312073794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 12 Dec 94

[Station commentary: "Strengthen Land Management To Accelerate Economic Development"]

[FBIS Translated Text] The reform of the land use system emanates from the need for economic restructuring and opening up. This reform has changed the system of using state-owned land without compensation, without time limit, and through unitary administrative

transfer to the new system of allocating land resources through markets. The internal restriction mechanism of the new land utilization system has brought under control the decreasing trend in the province's cultivated land and has enhanced the people's sense of protecting and cherishing the land. Through unified land transfer and the enhanced capacity of the government in exercising overall control over land supply, efficiency in land assets has increasingly manifest itself and played a great role in helping various localities increase their financial revenues, accelerate the construction of infrastructure, improve investment environment, and absorb foreign capital.

Some new cases and problems have emerged in the course of reforming the land use system, however. Major indicators are: governments in some localities have exceeded quotas in transferring a great deal of land in order to pursue a high economic growth rate in a short period of time, thus resulting in the waste of land resources and, in particular, a sharp decrease in cultivated land. Some units and individuals have illegally bought and sold land by applying the land market legal system which has just begun to be developed in China, thus resulting in the loss of state-owned land. All levels of government should pay high attention to these problems and adopt measures to appropriately resolve them in a timely manner after summing up experiences and lessons.

Success in the reform of the land use system has a bearing on the overall situation of the province's reform and development. So long as we persist in in-depth reform, strengthen land management, and do a conscientious and solid job, we will certainly give rise to a new situation in land use system reform and land management.

Shandong Revokes Licenses of Foreign-Funded Firms

OW1012142794 Beijing XINHUA in English 1252
GMT 10 Dec 94

[FBIS Transcribed Text] Jinan, December 10 (XINHUA)—The Shandong Provincial Commission of Foreign Economic Relations and Trade has decided to revoke the licences of 224 foreign-funded enterprises, which have not made any of the investment that was agreed upon.

Foreign investment in this coastal province has been booming in recent years. By the end of November of this year, the province had set up 16,240 foreign-funded enterprises.

"Most of them have followed their contracts and made investment in the projects, which went into production on schedule and have generated economic results," an official of the commission said.

"But a few of them have not made any investment for quite a long time and have existed in name only," he noted.

The commission called on locales to do a thorough job in approving foreign-funded enterprises, and is determined to revoke more licences of foreign-funded enterprises operating under false premises, or have not made an investment according to the contracts.

Shandong's Zibo Makes 'Rapid' Progress

OW1312043094 Beijing XINHUA in English 0146
GMT 13 Dec 94

[FBIS Transcribed Text] Jinan, December 13 (XINHUA)—The Zibo Development Zone in east China's Shandong Province has made rapid progress in attracting foreign investment.

Founded at the end of 1992, the zone has approved the setting up of 518 projects, including 58 foreign-funded enterprises. They involve investment totalling 325 million U.S. dollars, of which 118 million U.S. dollars is in the form of foreign capital.

Ever since its founding, a local official said, the zone has paid great attention to the construction of infrastructure facilities.

By the end of last year it had spent 1.9 billion yuan on opening up 3.1 million ha [hectares] of land, and building transportation, telecommunication, power-and water-supply and waste water treatment facilities.

In addition, the zone sponsored the Zibo International Pottery and Porcelain Exhibition with the aim of attracting more overseas capital this year.

Shanghai Appoints New Vice Mayor

HK1012022794 Beijing ZHONGGUO XINWEN SHE in English 1356 GMT 9 Dec 94

[FBIS Transcribed Text] Shanghai, December 9 (CNS)—The 14th meeting of the Standing Committee of Shanghai Municipal People's Congress recently passed a resolution, appointing Mr. Hua Jianmin, former deputy director of the Planning Commission of Shanghai, as vice mayor of Shanghai.

The proposal of the appointment for a new vice mayor was made by Huang Ju, mayor of the municipality.

Hua Jianmin, 54 years old, graduated from dynamics department of Qinghua university in 1963. After graduation, he worked in the Institute of Shanghai Turbine Works and Designing Institute of Complete Outfit for Power Generation. Afterwards he worked as secretary of General Office of the Central Committee of Communist Party of China, general manager of Shanghai Shenneng Power Development Company and deputy director of the Planning Commission of Shanghai.

Shanghai's Silicon Valley Attracts Foreign Firms

OW0912141494 Beijing XINHUA in English 1333
GMT 9 Dec 94

[FBIS Transcribed Text] Shanghai, December 9 (XINHUA)—A high-tech industrial park, known as "Shanghai's silicon valley", has become a hot attraction for foreign investors.

The Shanghai Caohejing Hi-Tech Park, located in southwestern Shanghai, has attracted 16 international well-known consortiums since it was established in 1988.

Such big names as AT&T, General Motors (GE), Emerson, Raychem, 3M, Intel, AMP and Dupont of the United States, Air Liquid of France, Philips of the Netherlands, ICI of Britain, Sandoz and Ciba-Geigy of Switzerland, Northern Telecom of Canada and Toshiba and Mitsui of Japan have all established ventures in the park.

These ventures involve a total of 400 million U.S. dollars, accounting for 48 percent of all the investment in the park, according to the management committee of the park.

These transnational companies have brought about a boom in the park in such sectors as micro-electronics, optical fiber telecommunications engineering equipment, computer software and new materials.

The number of foreign-invested enterprises in the park has reached 145, involving a total investment of 800 million U.S. dollars, of which 500 million U.S. dollars comes from overseas.

Foreign-funded enterprises have reported good achievements during the past few years. From January to October this year, foreign-funded firms reaped a total sales income of 2.47 billion yuan, accounting for some 40 percent of all the income of the park.

Many foreign-funded ventures have decided to pour in additional investment to expand their production.

By March this year a total of 121 high-tech industrial development zones had been registered in China. Most of them are operating well.

Shanghai Introduces Computerized Rail Management

OW0912132894 Beijing XINHUA in English 1323
GMT 9 Dec 94

[FBIS Transcribed Text] Shanghai, December 9 (XINHUA)—A computer network to manage railway transportation passed an appraisal by the Ministry of Railways today in Shanghai.

The Shanghai Railway Bureau is the first to marshal trains and handle the concerned information by computers in China's railway sector.

It took the bureau about ten years, at a cost of over 100 million yuan, to design and construct the network.

By the end of 1993 a computer network had been inaugurated along 5,700 km of railways in the six provinces of Jiangsu, Zhejiang, Shandong, Anhui, Fujian, and Jiangxi, as well as Shanghai.

Thanks to the network, information is transmitted three or four hours quicker than before, and more information can be delivered.

Shanghai Subway Becomes Operational 12 Dec

OW1212163794 Beijing XINHUA in English 1626
GMT 12 Dec 94

[FBIS Transcribed Text] Shanghai, December 12 (XINHUA)—The No. 1 metro in Shanghai went into operation today.

The 16.1-km-long subway starts in the southwestern suburbs of the city and terminates at the railway station.

The train can run at a maximum speed of 80 km per hour and carry one million passengers a day.

The subway was built with loans from Germany and France, and from the U.S. Government.

Zhejiang Provisions on Returning Property

OW1112122194 Hangzhou ZHEJIANG RIBAO in Chinese 28 Nov 94 p 1

[By reporter Zhou Yongnan (0719 0737 0589)]

[FBIS Translated Text] The provincial party committee and government recently formulated provisions on handling money and property taken by party or government organs or their staffs from enterprises (including institutions that are managed as enterprises). The provisions demand that property and money must be returned to enterprises by the end of this year.

The provisions demand: After the State Council promulgated the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises," the funds and property used free of charge by party or government organs should be returned to enterprises by the end of this year. Should the masses report it, funds and property taken free of charge by party or government organs before 23 July 1992 must be returned to enterprises in principle. Pagers, telephones, audio and video cassette recorders, and other expensive property must be returned within the prescribed time. If the property is lost or broken, these organs should pay the enterprises for the lost or broken property or buy replacements. Party and government organs can buy from enterprises things they really need for official use. However, cellular telephones must be returned and cannot be bought by party or government organs with government funds.

The money and property privately taken by party organ or government staffs must be returned by the end of this year. If the property is lost or damaged, the staff of party or government organs should pay the enterprises for the lost or broken property or buy replacements. If the staffs are willing to buy the enterprise property they are using, they should pay the original price. Unlawful profits

gained by party or government staff by illegally using enterprise property should be confiscated.

The provincial party committee and government also stipulate: Party or government organs intending to delay payment, buy goods from enterprises, compensate for lost or damaged property, or rent property from enterprises should present concrete plans and submit the plans to relevant departments at or above county level for approval after consulting with enterprises. The staff of party or government organs intending to compensate for lost or damaged property or buy property from enterprises should ask for permission from the enterprises and offices first.

The provincial party committee and government demand: Responsible departments at all levels must supervise local party and government organs. They should investigate and deal with dishonest personnel who deny taking money or property from enterprises or fail to return money or property to enterprises in time. If the case is serious, personnel concerned will be punished or fined according to party discipline. To solve problems emerging during investigation, party or government organs must set up and perfect a property management system. Title transferal procedures should be completed should changes of property rights occur. Money and property should be entered into account books according to financial regulations.

Zhejiang: First Cross-Sea Pontoon Bridge Opens

OW1212164394 Beijing XINHUA in English 1629
GMT 12 Dec 94

[FBIS Transcribed Text] Hangzhou, December 12 (XINHUA)—The first cross-sea pontoon bridge of China was completed today in Ningbo city, in east China's Zhejiang Province.

The bridge, designed and constructed by sailors of the East China Fleet, is 455.5 meters long and 9.4 meters wide, capable of supporting any vehicle driven on the state's second class roads, including 80-ton trucks.

In order to allow ships to pass, the bridge has a 96-meter-wide gate.

The construction of the bridge took half a year due to difficulties caused by tides and the complicated geography of the construction site, near the Daxiedao Island Economic Development Zone.

The bridge will put an end to the island's history of transportation by boat as the sole means of connecting it with the outside world.

Central-South Region

Guangzhou: Trade Unions Mandatory in Foreign Firms

HK1312073294 Beijing ZHONGGUO XINWEN SHE
in Chinese 1330 GMT 25 Nov 94

[By Chen Jia (7115 0163)]

[FBIS Translated Text] Guangzhou, 25 Nov (ZHONGGUO XINWEN SHE)—The Standing Committee of the Guangzhou City People's Congress today passed a law making the existence of trade unions at foreign-invested, township and town, and privately run enterprises mandatory and forbade these enterprises from firing trade union leaders on unjustified charges.

The 13th Session of the Standing Committee of the 10th Guangzhou City People's Congress concluded here today with the passage of a law, "Provisions on the Implementation of 'PRC Trade Union Law' by Guangzhou City," stating that trade unions are authorized to oversee working hours, leave, holidays, production safety, health, social security, and welfare benefits provided for workers and special protections for women and under-age workers offered by hiring units.

The law also provides that trade unions should participate in consumer councils at all levels to assist governments in monitoring and inspecting prices.

The "Provisions on the Protection of Women's Rights in Guangzhou City" and "Guangzhou City Provisions on Overseeing Labor Conditions" adopted today by the standing committee also concern the protection of rights.

Prices in Guangdong Remain at 'High Level'

HK1312091794 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 7 Dec 94

[FBIS Translated Text] According to information from the Guangdong Provincial Price Bureau, prices in the province will continue to fluctuate at a high level with the annual rate of inflation being close to last year, but next year's inflation will ease by a wide margin. Analysis indicates that different factors are causing the price rises. The implementation of macroeconomic regulation and control has brought about a certain amount of regulation and control. The supply of commodities, particularly the supply of daily necessities, is adequate, consumer sentiment remains stable, and there is little possibility of panic buying.

Sugar Processor, Farm Merge in Guangdong

HK1312073494 Beijing CHINA DAILY in English 12 Dec 94 p 2

[By Zhang Yu'an: "Guangdong Sugar Refiner Merges With Farm To Up Profits"]

[FBIS Transcribed Text] A top sugar processor has merged with a big sugar farm in South China's Guangdong Province to boost output.

The Guangfeng Sugar Refinery and the Qianjin Farm, in Zhanjiang City agreed to set up the Guangqian Sugar Development Co Ltd to take advantage of the growing market.

The move was seen by local authorities as a good way of maintaining steady sugar growth and reliable supplies.

The plant is expected to achieve 300 million yuan (\$35.3 million) in output value this year, making it one of top five sugar firms in the country.

Demand for sugar at home and abroad is rising and prices are going up on the international markets. Orders to the Guangfeng Sugar Refinery are flooding in and have already topped the factory's production levels.

In addition, the processor has exploited sugar products to 10 countries, including Russia and South Korea.

The plant has just been renovated which has raised production. The work was done with the help of an \$8 million loan from the Asian Development Bank, but the processor also put up 32 million yuan (\$3.7 million) for renovation project.

The cash was used to buy the latest pressing equipment which will enable the firm to up its annual pressing ability to 700,000 tons.

Pre-tax profits will subsequently rise to 40 million yuan (\$4.7 million) this year, 12 million yuan (\$3.3 million) more than last year. And the company will have produced 63,000 tons by the end of the year.

In addition, it will also be able to produce 6,000 tons of alcohol, 3,000 tons of writing paper, 6,000 cubic metres of fibre board and 1,000 tons of liquid carbon dioxide.

The Qianjin Farm, 4,666 hectares of sugarcane, is expected to produce 500,000 tons each year.

Guangdong Halts Fall in Grain Output

HK1212152694 Beijing ZHONGGUO XINWEN SHE in English 0925 GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (CNS)—According to the latest statistics of Guangdong, gross grain output of the province increased by 300 million kilograms over last year to reach about 16.3 billion kilograms this year, marking an end to the three-year successive drop in Guangdong's grain output.

The highest record of Guangdong's grain output is more than 19 billion kilograms. Since the 1980's, mainly due to some big changes which happened to the economic structure of Guangdong, grain output of the province has seen a drop in recent years. With the rapid development of secondary and tertiary industries, the internal structure of agriculture has also shifted to industries of aquatic products and husbandry so as to meet the demands of the domestic markets and the need to create foreign capital. Therefore, both cultivated area and sown land in the whole province have seen a decreasing trend year after year.

Shenzhen: Hong Kong Toy Factory Owner Jailed

HK1312064594 Hong Kong AFP in English 0604 GMT 13 Dec 94

[FBIS Transcribed Text] Hong Kong, Dec 13 (AFP)—The Hong Kong owner of a Shenzhen toy factory which

caught fire last year killing 87 workers was jailed for two years Tuesday [13 December] by a court in the special economic zone. Lo Chiu-chuen, 49, was found guilty of ignoring fire safety standards by the district people's court in Longgang.

The Zhili toy factory's Hong Kong manager Leung Kin-kwok was jailed for three years, and the factory's Chinese manager Huang Guoguang for six years after the court ruled he carried special responsibility. The factory's technician Liu Guangwan was jailed for two years. All four men will appeal the sentences. Two firemen, who allegedly took bribes and did not carry out proper fire safety checks, were jailed for 10 and 17 years. The Zhili fire occurred in November 1993.

Efforts Made To Protect Virgin Forests in Hainan

OW1312092294 Beijing XINHUA in English 0836 GMT 13 Dec 94

[FBIS Transcribed Text] HAIKOU, December 13 (XINHUA)—Starting from January 1 next year, tree cutting must be stopped in the virgin tropical rain forests in south China's Hainan Province, according to a decree issued by the provincial Government last year.

China has a total 470,000 hectares of tropical rain forests, with 353,000 hectares on the Hainan Island.

The 30,000-sq-km island was once totally covered by virgin forests. The forestry area has been reduced by 510,000 hectares since the early 1950s due to random economic development and forest fires.

According to officials with the provincial forestry department, the sharp decline of virgin forests led to a deterioration in the natural environment.

In the 1970s, the officials said that drought and floods occurred frequently on the island and arable land washed by floods every year topped from 2,000 to 2,600 hectares with the amount of soil washed away topping 40,000 tons per square kilometer.

The Standing Committee of the Provincial People's Congress last year promulgated a decree to prohibit any tree cutting from the island's forests starting from January of next year.

There are a total of 11 lumbering enterprises on the island with more than 3,900 lumbermen.

The average annual timber consumption by these lumber firms totaled 60,000 cubic meters, the officials said, with economic returns of more than 100 million yuan a year.

The officials said that all the workers with these firms will be shifted to service sectors such as tourism, processing, planting of tropical cash crops and trees, and the Provincial Government plans to invest 35 million yuan in the coming three years to boost the shift.

Currently, the workers are organized to build a group of planting and breeding projects and related processing factories. The province also plans to build a national forest park on the island.

As China's largest Special Economic Zone, Hainan Province has made every effort to combine economic development and environmental protection since its founding in 1988.

According to E.F. Bruening, professor with the Institute for World Forestry and Ecology, who has studied tropical rain forests on Hainan island, Hainan's tropical forests are unique in the world.

It has 4,200 kinds of different plants and 561 kinds of animAMs, some of which are rare in the world.

The province has taken steps to protect the rain forests since 1983, with the annual timber cutting reduced from 180,000 cubic meters to 60,000 cubic meters.

And nearly 100 million yuan has been used to help close hillsides to facilitate afforestation. The forestry area on the island has expanded to 1.06 million hectares with a tree coverage rate of 35.6 percent.

To date, some 22 protection zones for plants and animals, covering an area of 8.7 hectares, have been set up in the province.

In addition, an observatory station for ecology was built on the island with foreign funding in 1988. The province received another four million U.S. dollars last year from the IDDR [expansion unknown], a world timber organization, to build an experimental project. More than 600 workers have been trained for implementing the project.

Henan Lowers Population Growth Rate

OW1312074794 Beijing XINHUA in English 0710
GMT 13 Dec 94

[FBIS Transcribed Text] Zhengzhou, December 13 (XINHUA)—The population rate in Henan, one of the most populous provinces in China, dropped to its lowest level in history last year, thanks to the implementation of a family-planning policy.

According to local statistics, the rate in 1993 rose by 9.52 per thousand over the previous year's figure, representing a decline of the growth rate to a single digit figure per thousand for the first time in history.

This was 0.88 percentage points lower than the rate in the fast-increasing-year of 1990 and 0.193 percentage points lower than the national average, said a family-planning official.

The official attributed the declining population rate to a strategy taken by the provincial government in 1991, when the province strove to put its rate of economic increase above the national average and cut the rate of population increase to below the national average.

The population rate increase in Henan, in central China, reached a record level of 2.4 percent at the end of 1990, bringing the total population in the province to 86.5 million. The rapid increase in the population retarded its economic and social development though the province ranked fifth in the country in annual output of grain and sixth in gross domestic product.

Beginning in 1991, the provincial government urged governments at all levels to strictly implement the family-planning policy and listed the success of reducing the population increase as an important part of the overall achievements to be made by local governments. Those who did a good job in this would be commended, while those who failed to carry out the policy well would be punished.

Farm families, who traditionally held the view "more children, more happiness," were encouraged to have fewer but healthier children, and single-child families enjoyed preferential policies in getting loans for building chicken farms, fish ponds, and shoe factories.

Hubei Attaches More Importance To Water Projects

OW1312042194 Beijing XINHUA in English 0153
GMT 13 Dec 94

[FBIS Transcribed Text] Wuhan, December 13 (XINHUA)—Central China's Hubei Province is attaching more attention to repairing and reconstructing dykes on its rivers, according to the provincial water-control department.

Construction of six priority water-control projects for 1995 have been started this winter.

The financial input in this sector over the next six years will be kept at about one third of the total for infrastructure construction, according to the department.

Some 630 billion cu m [cubic meter] of water flows through the province every year. Though a lot of water-control facilities have been built on the rivers, especially on the Chang Jiang, flood control is still a big problem.

The population and area of farmland protected by the embankments each account for half of the province's total.

Over the past year, 138 points on the Chang Jiang and Hanjiang embankments were said to be endangered.

Meanwhile, only one out of 27 flood diversion and storage areas has proper security facilities.

Hunan: Efforts To Meet Transient Labor Influx

OW1312035994 Beijing XINHUA in English 0253
GMT 13 Dec 94

[FBIS Transcribed Text] Changsha, December 13 (XINHUA)—Hunan province, one of the major suppliers of

surplus rural laborers in central China, is making all efforts to meet the influx of transient laborers on railways.

Rural laborers will come back home to have family reunions during the traditional Chinese spring festival which falls on January 31 and then return to their work posts after that.

It is expected that some 8.9 million passengers will be handled by railways alone in the province during the period.

At a special meeting on the transportation of rural laborers, the local government called on all departments concerned to help the laborers.

More than 20 pairs of new passenger trains will be added in the province during the period, and 20,000 more buses will be put into use.

Most laborers will come back from Guangdong, Hainan, Jiangsu, Zhejiang and Fujian provinces and Shanghai municipality, which are comparatively developed economically in the country.

To ease the burden of transportation during the period, the labor department in the province will persuade at least 60 percent of the laborers from other parts of the country to stay in the province during the period.

Meanwhile, the local government will not issue official certificates for laborers to seek jobs during the one month after the spring festival.

North Region

Hebei Secretary Speaks at Party School Meeting

SK1312071794 Shijiazhuang HEBEI RIBAO in Chinese 6 Nov 94 pp 1, 3

[Speech by Cheng Weigao, secretary of the Hebei Provincial Party Committee, at the work meeting of Hebei's party schools held from 30 October to 5 November]

[FBIS Translated Text] The seven-day work meeting of Hebei's party schools ended in Shijiazhuang on 5 November. Cheng Weigao, secretary of the Hebei Provincial Party Committee, made a speech at the meeting titled "Make Efforts To Achieve Success in the Basic Construction of the New Great Undertaking." The full text of the speech was as follows:

This work meeting of Hebei's party schools was convened with the broad masses of party members and cadres conscientiously studying to carry out the "resolution" of the fourth plenary session of the 14th CPC Central Committee and strengthening party building in a comprehensive manner. The "resolution" called for building our party into a Marxist party armed with the theory of building socialism with Chinese characteristics, serving people wholeheartedly, theoretically and politically solid in the full sense, able to stand all kinds of

trials, and advancing ahead of the times. This is a new great undertaking. Comrade Jiang Zemin emphasized in the fourth plenary session of the 14th CPC Central Committee that to continue to achieve success in the strategic task of arming the party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the "basic construction of the new great undertaking." Being party schools, the primary task for us is to do a good job in the basic construction of the new great undertaking and pay firm attention to improving the essential quality of the leading cadres at all levels. In order to achieve success in studying and grasping Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, Comrade Jiang Ze min, in the fourth plenary session of the 14th CPC Central Committee, emphasized that we should make efforts towards three aspects. That is, we should make efforts in conscientiously studying the original work of Comrade Deng Xiaoping's and grasping the scientific system of the theory comprehensively and systematically; we should make efforts in insisting on the scientific attitude and creative spirit characterized by emancipating the mind and seeking truth from facts; and we should make efforts in employing theory to resolve the current important problems. For the party school's theoretical study and teaching, we should observe this instruction and make efforts in these three aspects. In the following, I will talk about some opinions mainly focusing on these three aspects.

1. For Studying the Theory of Building Socialism With Chinese Characteristics, We Should First Help Cadres Deeply Study Comrade Deng Xiaoping's Original Work and Comprehensively and Systematically Grasp the Theory's Scientific System.

Our consistent requirements on party cadres' theoretical study are to study the theory of Marxism, lay emphasis on studying the original work, and acquire a complete and accurate understanding of the scientific system of the theory. Back as early as the period of the Anti-Japanese War, Comrade Mao Zedong instructed the whole party that, in terms of taking the main lead's responsibility, if there were 100 to 200 comrades studying Marxism-Leninism systematically instead of fragmentarily, and practically instead of superficially, our party's combat strength would be greatly improved. Comrade Deng Xiaoping, in light of the disgusting conducts of Lin Biao and the "gang of four" to fragmentize the scientific system of Mao Zedong Thought and take a doctrinaire approach of it, set forth clearly that "we should understand Mao Zedong Thought comprehensively as well as correctly," and "we should not understand Mao Zedong Thought from the viewpoint of isolated phrases and sentences, and, instead, we should correctly understand Mao Zedong Thought from the viewpoint of the complete system." The expositions of Comrade Mao Zedong and Comrade Deng Xiaoping can be perfectly applied to our organizing cadres currently to study the theory of building socialism with Chinese characteristics. A lot of our comrades are conscientious

in studying the original work of Comrade Deng Xiaoping's, and some of them have read it for several times. However, they often remain content with a smattering of it without grasping the scientific system of Comrade Deng Xiaoping's theory systematically. Therefore, in the practical work, we can perceive that some of our comrades usually cannot understand Comrade Deng Xiaoping's theory comprehensively and dialectically. In emphasizing some aspects of Comrade Deng Xiaoping's theory, they usually forget other aspects that Comrade Deng Xiaoping raised, and guard against them. In concentrating on the key tasks of some aspects, they ignore the inner relations of the things, fail to organize and carry them forward in a comprehensive manner, and even separate the two parties of the dialectical unity and set them against each other. The work of Comrade Deng Xiaoping, focusing on the main line of "what socialism is and how to build socialism," forms a complete scientific system of the theory of building socialism with Chinese characteristics. For example, in Comrade Deng Xiaoping's work, there are comprehensive as well as profound expositions about a series of the main directions and basic issues concerning establishment of the theory, such as socialism's road of development, stages of development, basic tasks, motivation of development, external conditions, political guarantee, strategical measures, social forces, and reunification of the motherland. This is the theoretical guidance for our party to formulate the basic line of building socialism with Chinese characteristics and all the policies. Only by painstakingly and conscientiously studying the original work can we penetrate the theory and find out the cause and effect of how the theory of building socialism with Chinese characteristics forms as well as develops; only by conscientiously studying the original work can we grasp the spiritual essence of the fundamental concepts, find out the inner relations between all the basic concepts, and master the theory's scientific system after grasping the fundamental theory and basic concepts as a whole; and only by conscientiously studying the original work can we really learn as well as understand the scientific attitude and courage of Comrade Deng Xiaoping to employ the basic stand, concept, and methods of Marxism to study the new situation, to resolve new problems, and to bring forth new ideas in the theory. Party and government leading bodies above the county level should persist in conscientiously studying the original work. Party schools, when training cadres by turns, should arrange sufficient time for studying the original work and make the cadres really focus their efforts on studying conscientiously the original work and on grasping the theory's scientific system in a comprehensive and systemic manner, so as to lay a substantial foundation for the construction of the new great undertaking.

2. In Studying the Theory of Building Socialism With Chinese Characteristics, We Have To Take a Further Step to Insist on Paying Firm Attention to the Scientific Attitude and the Creative Spirit Characterized by Emanicipating the Mind as Well as Seeking Truth From Facts.

The essence of building socialism with Chinese characteristics is to emancipate the mind and to seek truth from facts. All Comrade Deng Xiaoping's activities and thoughts and the forming of his theoretical system is not only the embodiment but also the crystallization of the spirit of emancipating the mind and seeking truth from facts. He criticized "two whatevers," supported the mass discussion on practice being the only criterion for testing the truth, and instructed the whole party to change the core of the task at the third plenary session of the 11th CPC Central Committee. He appraised correctly the historical position of Comrade Mao Zedong, affirmed the guiding function of Mao Zedong Thought, and set forth the historical proposition of "building socialism with Chinese characteristics" at the 12th party congress. He affirmed the reform of the rural areas and the household-based responsibility system; that ties payment to output, pushed forward the reforms of the urban areas, and favored establishing special economic zones as well as constructing the system of socialist market economy. He delivered a speech upholding the four cardinal principles and opposing bourgeois liberalization, and set forth that we should watch out for deviation by the right while concentrating on preventing "left" deviation. He advocated reforming the leadership system of the party and the state and making the cadre contingent more revolutionary, younger, better educated, and more professionally competent, and he pointed out that we should insist on opposing corruption in the whole process of reform and opening up and on "attaching equal importance to and achieving success in material civilization and spiritual civilization at the same time." From this, we can perceive very clearly that Comrade Deng Xiaoping upholds, at all times and in all places, the scientific attitude of emancipating the mind and seeking truth from facts and the creative spirit which not only inherits but also makes breakthroughs. When studying Comrade Deng Xiaoping's theory, only by making efforts to understand deeply and correctly grasp Comrade Deng Xiaoping's scientific attitude in observing questions and his creative spirit in resolving problems, can we pay special attention to the key points and can we learn things of basic importance.

Judging from the thinking of party members and cadres of Hebei, if we want to really insist on the scientific attitude and the creative spirit characterized by emancipating the mind and seeking truth from facts, we should take a further step to change our rigid way of thinking, which affects our fostering a scientific attitude, and change our conservative thoughts, which hinder our creative spirit. For example, although there no longer seemed to be any open disputes over socialism and capitalism on bigger issues, in specific issues during work, worries and apprehension over disputes remained in some of our comrades' deep-seated thoughts and consciousness. As a result, they did not have enough courage to develop the nonpublic-owned economy, policy was not flexible, and the initiative to conduct shareholding-oriented reform was hampered. When

pushing forward the reform of the socialist market economy system, they paid quite a bit of attention to the function of the market mechanism and the law of value, but not enough to macroeconomic control and regulation, management, and maintenance and increase of the value of state-owned enterprises' assets. In developing the economy, they were still used to "waiting, relying, and demanding," and they were not adept in going to the market to distribute production factors, and they were not adept in finding methods to resolve problems through deepening reform. In treating the issue of "attaching equal importance to and achieving success in both spiritual civilization and material civilization at the same time," some of them achieved success in one but failed in the other, and some of them failed in both. Some set material civilization against spiritual civilization, and some of the cadres who were in charge of building the spiritual civilization lacked courage and assurance, and thus failed to achieve success. As a result, evil re-emerged in some localities, which seriously contaminated the social atmosphere. In the objective conditions of treating the development of tasks, they emphasized seeking truth from facts and proceeding from reality. But in some localities, they attributed their responsibility for failing to fulfill their tasks to objective conditions. They did not stress the subjective efforts and did not think conditions could also be created by people. In emphasizing implementing the guidance of the central authority in a creative manner, some localities often disregarded the unified government decrees, discipline, and even the legal system, and each did what it thought was right, or they ignored the objective possibility and acted blindly. Their vacillation at times to the left and at times to the right, illustrated that some of our comrades lacked the creative spirit to make breakthroughs and lacked the scientific attitude of seeking truth from facts. Therefore, in the process of studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, we should make efforts to get rid of the rigid and conservative concepts, and, in accordance with the criterion of "three advantages," unify emancipating the mind with seeking truth from facts, and unify the scientific attitude with the creative spirit. Only by emancipating the mind can we really seek truth from facts, and only by insisting on seeking truth from facts can we really emancipate our mind. Seeking truth from facts is the foundation as well as the premise of emancipating the mind, and emancipating the mind is the basic road leading to seeking truth from facts. Therefore, we can not emancipate our mind if we do not seek truth from facts and lose contact with reality. When attaching importance to seeking truth from facts, we should prevent from setting obstacles to emancipating the mind and feeling timid and overcautious. Only by making efforts in this aspect can we open up new thinking, reach a new state, and carry out a new breakthrough in reform, opening up, economic development, and material civilization and spiritual civilization.

3. In Learning the Theory of Building Socialism With Chinese Characteristics, We Should Persist in the Principle of Using What We Have Studied and Make Efforts To Improve the Ability of Employing Theory To Study and To Resolve the Current Important Problems.

The vitality of the theory lies in its stemming from practice, its guiding the practice, and its capability of solving the vital problems in reality. Comrade Mao Zedong said that we should master and apply the theory of Marxism, and that the aim of mastering it is to apply it. The primary problem in employing theory to guide the work of the leading cadres of the local party and government is to see how it complies with reality and achieve success in carrying out the party's basic line of "one central task and two basic points." Judging from the current situation, this means we should achieve success in turning the central party's overall plan concerning reform, opening up, and economic development as well as the general guideline of "grasping the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" into the work ideas of localities and departments. We should not only have the train of thought but also we should have the momentum and methods to break some major contradictions and difficulties. This is the most basic aspect in measuring the ability of localities and departments' leading cadres in employing the theory to resolve the practical problems. Since this year, I have directly heard 85 work reports from the main leading cadres of the first and the second batches of counties which are fairly well-off and the counties around the Taihang Shan area, and my general impression was that many leading comrades had a clear train of thought; their ways of work were not only in line with the reality but also original; and their momentum and aim in carrying out work was fairly strong. But there were still some leading comrades who could not express clearly the advantageous and inferior positions of their localities, could not spot correctly the crucial issues in economic development and in the two civilizations, and were at loss over how they were to remove contradictions in their work. One of the reasons for this was that they lacked theoretical guidance and lacked the ability to guide practice through the theory. Therefore, we should persist in the principle of applying what we have learned, and "apply" it to improving our own ability for scientific planning for work ideas, "apply" it to studying and resolving conscientiously the conspicuous problems that affected reform, development, and stability. Judging from the whole Hebei Province, the current crucial problems that should be resolved are 1) enlivening the state-owned large and medium enterprises and ensuring the value of the state-owned assets to be maintained and increased; 2) strengthening the role of agriculture as the foundation, and, on the basis of a stable increase of grains and cotton, increasing the peasants' average per capita income with great efforts; 3) checking inflation and controlling commodity prices, especially controlling the rise of the prices of people's daily necessities; 4) achieving success in the

comprehensive administration of public security and guaranteeing the safety and stability of the masses; and 5) promoting the building of administrative honesty and checking the breeding and development of corruption. All localities should also pay attention to their own essential problems and resolve them in a down-to-earth manner. If we can resolve these essential problems by employing Comrade Xiaoping's theory of building socialism with Chinese characteristics, even progress is indicated merely in one certain respect, this is enough to prove that we have gained some results in theoretical study, have improved our theory level to some degree, and have attained substantial results. We not only attach importance to deepening and promoting ideology and knowledge, but also attach more importance to a realistic approach in which we employ the theory to guide the practice and to serve the practice and push forward all kinds of work through the close integration of theory and practice.

In the following, I am going to talk about the building of the party schools. The basic task of the party schools is to arm our party cadres with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. This is the major standard to check whether the work of the party schools is qualified and how their levels are. Therefore, to achieve success in running a party school, we should first do a good job in a down-to-earth manner in teaching the theory of building socialism with Chinese characteristics. The provincial party committee attaches much importance to the function of the party schools. In this June, I pointed out that "to pay attention to the economy, we have to pay attention to cadres; and to pay attention to cadres, we have to pay attention to party schools" at the provincial party committee's party school on-the-spot administrative meeting. This was set forth in accordance with the real situation of Hebei. We know that to develop the economy we should follow the objective economic law. But who are the persons that have the situation well in hand and are exercising the economic law? Mobilizing and organizing the masses to develop the economy and undertake construction, depends mainly on the broad masses of party members and cadres, especially the leading cadres at all levels. Party members and leading cadres at all levels should, in a planned way, go to party schools at all levels at different times and in different groups to join the study and training, study and master Marxism-Leninism-Mao Zedong Thought systematically as well as correctly, study and master the theory of building socialism with Chinese characteristics, and, at the same time, study economic administration and the modern scientific knowledge. Through study and training, a cadre contingent which has strong party spirit, good quality, healthy working style, ability, high level, and enthusiasm can be cultivated in the province with our efforts. Thus, there will be a strong and effective organizational guarantee for Hebei's reform, opening up, and drive for modernization.

The work of party schools is an essential part of the work of our party committees, party building, and cadres. Party committees at all levels should all make efforts to achieve success in doing the task of the party schools. When party committees pay attention to party schools, first they should pay attention to the direction of running schools. Party schools are different from schools of higher learning. The main task of party schools is not to pursue the academic degree, but instead, is to help the party members and the leading cadres to improve their party spirit, learn the theory, and promote their quality. Therefore, we should conscientiously carry out the guidance of the central authority and the provincial party committee to strengthen the work of the party schools under the new situation, take the strategical task which is to arm party members and cadres with the theory of building socialism with Chinese characteristics as the core of party school's tasks, and always insist on the correct direction. Second, they should pay attention to the leading bodies in party schools and the professional proficiency of the teaching staff. We should organize the leading bodies of party schools in accordance with the principle of having both ability and political integrity and the guideline of "four requirements." We should choose and allocate some outstanding cadres, outstanding graduate school students, university and college graduates, and cadres who not only have a good grasp of the theory but also have been trained through practice to strengthen the party schools' leading bodies as well as the teaching staff contingent. We should also pay attention to resolving the contingent's practical problems and maintaining the relative stability of this contingent. Third, they should pay attention to the quality of education and the assessment of study. The cadres training program set forth by the party committee should be carried out in a substantial way by the organization departments. Those who are listed in the program to be trained should go to party schools to study in line with the time scheduled. The organization department should coordinate with party schools to achieve success in checking and assessing whether the cadres study in the party schools conscientiously or not, how their studying results are, and how their performances in studying are. We should really follow the requirement of the "resolution" of the fourth plenary session of the 14th CPC party committee to take the results of assessment as one of the essential criterion in using the leading cadres. In terms of party schools' teaching, we should attach importance to improving the quality, and we should teach in accordance with the students' thinking as well as working reality to really make the cadres reap fruits from their studies and use what they have learned. Fourth, they should pay attention to the construction of the infrastructural facilities. If the party schools lack the necessary working conditions and living conditions, the task of training would certainly be affected. Currently, some of our party schools in counties (districts) are very shabby and worn to shreds. How can we achieve success in training cadres in this situation? To decide whether we attach importance to party building and the building of

the cadre contingent, the appearance of party schools is also an important indicator. The building of the party schools should be listed in the financial budget at all levels. In order to cultivate cadres, we should not begrudge money spent on improving the party schools' conditions for running schools. Comrades who work in party schools should see clearly the truth that high status is gained through accomplishment and should exert the utmost strength to keep forging ahead to make some contributions to the party's undertaking of cadre education.

At last, I hope the comrades participating in this meeting will go back to their party to conscientiously report to the party committees on the spirit of this meeting, achieve success in carrying it out through practice, and make the cadres' theoretical study and the building of the party schools in Hebei gain new improvement, make a new step, and acquire new and greater results.

Hebei Secretary Reports on Statistical Work

SK1312111894 Shijiazhuang HEBEI RIBAO in Chinese 6 Nov 94 pp 1, 2

[By reporter Tan Shuying (2905 3219 5391): "Improve Monitoring and Assessment, Prevent Sham Reports and Exaggeration"]

[FBIS Translated Text] From 4 to 5 November, the organization department of the provincial party committee, the rural work department, and the provincial statistical bureau convened a work meeting on monitoring and assessing statistics in order to study and arrange issues on monitoring and assessing statistics raised in the implementation of the "Trial Measure for Hebei Provincial CPC Committee To Establish Mechanisms Encouraging and Restricting the Major Leading Cadres of Counties (Cities, Districts)" and the "Outline of Hebei's Plan To Make Rural Areas Moderately Prosperous." Cheng Weigao, secretary of the Hebei Provincial Party Committee; Li Bingliang, deputy secretary; and Chen Liyou, executive vice governor, attended the meeting and made speeches. Cheng Weigao emphasized that, in implementing the responsibility system for the fulfillment of fixed tasks, improving the monitoring and assessment of statistics is an essential task in carrying out the work arrangement of the provincial party committee and the provincial government as well as in ensuring effective implementation of the system of responsibility for the fulfillment of the fixed tasks.

Cheng Weigao held: Establishing the responsibility system for the fulfillment of the fixed tasks is an important measure to build an economically powerful province. To uphold economic construction as the central task, and to continue to improve the masses' material and cultural life, are the unswerving guideline of our party and state. Leading cadres at all levels of the party and government all shoulder heavy responsibility in enhancing economic development and social progress. In the new historical period, whether we can grasp

opportunity; bring into full play our own subjective initiative and creativity; lead the masses to construct economically powerful cities, prefectures, counties (cities), townships, towns, and villages; and conspicuously raise the people's standard of living is a severe trial to test if our party and government's leading cadres at all levels carry out the party's basic line in a resolute manner. In order to bring into full play the initiative of party and government leaders at all levels to develop the economy, the provincial party committee—after investigating, studying, and summing up the experiences and in the light of the reform of the personnel employment system—established a strict responsibility system for all levels and all departments. One of the aims is to enhance doing solid work in all tasks; another aim is to check and measure the real working results of the leading bodies and all departments at all levels. Since this year, the provincial party committee and provincial government, in line with the requirements of the entire year's tasks, have assigned and implemented 32 working aims to all leading bodies and relevant departments, and have established a fairly definite responsibility system. For party and government leading bodies and major leading cadres at the county (city and district) level, definite contents and requirements to assess their real working results, and the corresponding encouraging and restricting mechanism, have been established. The system to assess and appraise, encourage, and restrict cities, prefectures, and all departments directly under the province are under planning; it is expected to be decided on this year, and to be issued and implemented next year.

Strictly implementing the responsibility system for the fulfillment of fixed tasks is also an important measure for Hebei in carrying out in a concrete manner the spirit of the party Central Committee's resolution on several essential questions concerning strengthening party building. Through the establishment of a scientific assessment system and standard, the system to assess the leading cadres has been further improved. We can say that establishing a strict responsibility system for the fulfillment of fixed tasks is a beneficial exploration for Hebei's reform of the cadre system under the new situation as well as an important link in promoting the building of party organizations. It is advantageous in cultivating and bringing up a lot of professional personnel in economic construction; it also provides ground for choosing and correctly using party and government leading cadres. Through strengthened supervision and severe assessment, we can also enhance leading cadres at all levels to form a working style that deals with real matters and demands the truth; can build a pattern of using people under who capable persons are employed rather than mediocre ones; and can have persons with talent vie with one another while persons without talent quit. Developing the economy to promote party building, and doing a good job in party building to promote the economy, are the basic guiding thoughts of

the provincial party committee and provincial government to implement the strict responsibility system for the fulfillment of fixed tasks. From the perspective of constructing an economically powerful province and of strengthening party building, comrades should further understand the essential function of the responsibility system for the fulfillment of fixed tasks; should combine it with their jobs; should clearly define the duty of each one in enhancing the implementation of this system; should strengthen supervision; should perfect assessment; and should do all the work that should be done in an effort to promote the continuous improvement and development of the responsibility system for the fulfillment of fixed tasks. Cheng Weigao pointed out: In implementing the responsibility system for the fulfillment of fixed tasks, it is imperative for us to combat sham reports and exaggerations, and to persist in the lifeline of the system. All the aims of the work formulated by the provincial party committee and provincial government are formed, based on investigation and study, through repeated expositions and proofs; they are basically in line with reality. If in the process of implementing these responsibilities to fulfill fixed tasks, all levels and all departments insist on the ideological line of seeking truth from facts, take feasible measures, have a down-to-earth manner, fight with great efforts, and at last realize or exceed the aimed tasks, it means the responsibility system for the fulfillment of fixed tasks is successful. On the contrary, if we break away from the basic line of seeking truth from facts, do not apply our energy to our jobs, work with sham efforts instead of concrete measures, deceive our superiors and delude our subordinates, and resort to sham figures, we will run counter to the intention of the responsibility system for the fulfillment of the fixed tasks, and not only will it be impossible to carry out the aims of the system, but also the common practice of the cadre contingent will be spoiled. When we conduct the responsibility system for the fulfillment of fixed tasks, we attach importance to combating exaggeration and insist on seeking truth from facts. In other words, we demand all levels and all departments to uphold the planned aims rather than do sham accounts; to mobilize the masses instead of encouraging sham enthusiasm; to do solid work instead of making sham efforts; and to sum up the results instead of making up sham figures.

To combat sham reports and exaggeration and to persist in seeking truth from facts, we should not only urge leaders at all levels and all departments to stick to the principle of seeking truth from facts, but, important, we should also formulate a method to prevent sham reports and exaggerations as well as to uphold seeking truth from facts. In light of the spirit of the provincial party committee's document, the provincial statistical bureau and the organization department of the provincial party committee studied and formulated a plan for monitoring and assessing statistics to encourage and restrict the main party and government leading cadres of counties (cities and districts). They also formulated a plan for

monitoring and assessing statistics of the economic index of rural areas' endeavor to achieve a moderately prosperous life. The agricultural and industry department of the provincial party committee also formulated opinions toward the assessment and check of rural areas' endeavor to achieve a moderately prosperous life. These plans and opinions together form a relatively concrete and perfect monitoring and assessment setup of the responsibility system for the fulfillment of fixed tasks, and make it easier to put into practice the tasks of preventing sham reports and exaggerations as well as insisting on seeking truth from facts.

The statistical department and statisticians shoulder the heavy responsibility to report true statistical figures in an effort to actually reflect the actual results of all localities and departments. I hope comrades in the statistical department, in the first place, will foster a high sense of responsibility and mission so as to hold themselves responsible to their superiors and localities. They should also correctly reflect the results and problems in the manner of seeking truth from facts. The methods of monitoring and assessment should be scientific; the operation should be reasonable. The results should be correct so that statistical figures can objectively and unbiasedly manifest the situation of how all levels and all departments are completing their responsibility to fulfill fixed tasks. In the second place, they should strengthen their courage to seek truth based on law. They should insist on observing statistical law; should justly and forcefully safeguard statistical law; should expose and correct those behaviors of making sham reports and exaggerations; and should investigate and openly handle those grave cases. The discipline inspection and supervision departments at all levels should protect the statisticians from being retaliated against for seeking the truth based on law. Leading cadres who intend to practice fraud and retaliate against statisticians should be held responsible and dealt with sternly. Accordingly, if statisticians break the law while enforcing the law, engage in speculation, and take their cue from the leaders, they should be dealt with sternly according to statistical law once they are found out. In the third place, they should make efforts to improve their own quality; should familiarize themselves as soon as possible with the monitoring and assessment of statistics, a new field of statistics; should have a good grasp of the skills and methods of monitoring and assessment; should investigate and study in a penetrating manner; should improve the ability to inspect; and should possess not merely the sense of responsibility and the courage to seek truth, but also the perfect mastery to deal with concrete matters.

Cheng Weigao urged party committees at all levels to place great importance on statistics. He held: Statistics concern the implementation of the party's basic line of seeking truth from facts, the correct policy decision of the macroeconomic administration, the improvement of party and government style, and the correct appraisal and use of the cadres. In carrying out all the tasks of the responsibility system for the fulfillment of fixed tasks,

the function of statistics manifests itself distinctly and directly. Leaders at all levels should study statistics, understand statistics, and learn the skill of using statistics to guide economic construction. If not clear about the GNP, average per capita revenue, and average net income per capita of the peasants; if not clear about the relations between the input of fixed assets on the one hand and GNP, the average per capita revenue, and the average net per capita income of the peasants on the other; and if not clear about the concept and component of the statistical index, such as the Engel coefficient, then a leader is not able to formulate a scientific plan for economic development, not to mention a feasible measure to fulfill fixed tasks. It has become a pressing matter for party's leading cadres at all levels to learn the rudimentary knowledge of statistics. In the process of fulfilling fixed tasks, leaders at all levels should give energetic support to the statistical department to develop monitoring and assessment, should promptly listen to the report on monitoring and assessment, should subject themselves to statistical supervision with more initiative, and should also provide conditions for the development of statistical tasks. Since statistical figures are legal figures protected by statistical law, we should take the figures of the statistical department as the standard when we use figures. As regards figures, leaders at all levels should not employ pragmatism by raising the figures as long as they need it so, and lower the figures if they need otherwise. We should hold a responsible level whenever they try to make up sham figures; we should punish without mercy whoever practices fraud. It is imperative to establish the development of the party's undertakings on a real and reliable basis, not to let people down, and to withstand the test of history.

Li Bingliang emphasized in his speech the need to do a good job in assessing and checking and accepting the endeavor of achieving a moderately prosperous life in a down-to-earth manner. He held: Once those who seek the honor of achieving a moderately prosperous life through fraud and deception are found out, they will be dealt with sternly in line with the discipline of the party and government. Organization departments at all levels should educate leaders at all levels to strictly implement the statistical law and statistical discipline, and to sum up tasks in accordance with reality. They should also follow the principle of taking economic construction as the central task and, according to the real results in achieving a moderately prosperous life, should assess the tasks and the cadres as well as implement the relevant stipulations of the encouraging and restricting mechanism.

Inner Mongolia Secretary Hosts Forum

SK1312113794 Hohhot NEIMENGGU RIBAO in Chinese 30 Nov 94 p 1

[FBIS Translated Text] On 26 November, autonomous regional party and government leading personnel—including Liu Mingzu, Qian Fenyong, Wang Zhan, and

Song Zhimin—held a forum with Han Ying, vice minister of coal industry, and his entourage, to discuss the development and construction of large coal, power, and road projects. They reached a common understanding at the forum.

During the forum, Secretary Liu Mingzu, on behalf of the autonomous regional party committee and people's government, extended a welcome to the inspection tour made by Vice Minister Han Ying and his entourage. He stated: The common tasks of the people of various nationalities across the autonomous region are to uphold the 20-character guideline of the work undertaken by the entire party; to correctly deal with the relations among reform, development, and stability; and to further boost economic construction. No doubt these tasks should be fulfilled in a down-to-earth manner by our efforts by waging arduous struggle; however, state guidance and support in fulfilling these tasks is also necessary. Comrade Han Ying and his entourage expressed his total agreement with the view of Comrade Liu Mingzu that to necessarily applying new ideas to develop the coal industry. Liu stated: The region is endowed with very abundant energy resources, particularly coal resources. To turn the strong points of these energy resources into those of the economy, and to turn latent strong points into actual ones, we must follow the overall arrangements for the country as a whole and do things in line with the law of the socialist market economy.

Comrade Liu Mingzu stressed: Judging from the demands of the country as a whole, coal resource markets across the region are more broad and have become an objective basis for the region to formulate its industrial policies. However, the region's remote location and insufficient transportation have restricted the development of coal industry across the region to a certain extent. Therefore, only by turning coal into electric power can we relieve the transport pressure, get rid of the "bottleneck," find new and more stable markets, and promote the rapid development of the coal industry. Developing coal and power production simultaneously is in conformity not only with the region's strong points, but also with state industrial policies.

Liu Mingzu stated: Only by doing things in line with the objective demands of socialist market economic system can we accelerate the pace of developing natural resources. Hereafter, the region will be able to bring about new social productive forces by more closely combining the construction of coal mines, power plants, and roads through economic links and by forming a community of interests. For example, in building coal industrial bases, the power industrial front may become a shareholder; in building power industrial facilities, the coal industrial front may also become a shareholder. Efforts should be made to break the barriers among departments and between different departments and regions. This is the only path the region must follow in modernizing its major industries. In formulating new

projects, we should follow this path. Out-dated enterprises should also do a good job in dealing with their problems through reform.

Vice Minister Han Ying fully acknowledged the achievements made by the region in developing energy resource industries. He stated: The current volume of coal deposits in Inner Mongolia has ranked the region second in the country. In line with the state development plan for energy resources, the coal output in Inner Mongolia should also rank the region second in the country by the end of this century. Therefore, the region has occupied an important position in state strategic arrangements for the coal industry. He pointed out: Since reform and opening up, the coal industry in Inner Mongolia has achieved rapid development. The ownership structure on the region's coal industry front includes state, collectives, and individuals. The proportion among these ownerships is relatively rational. Judging from the structure of the coal industry, we should all the more uphold the principle of comprehensive development in building the comprehensive projects of coal mines, power plants, and roads; in building the first-phase project of the Jungar coal mine; and in formulating plans for building the Harwusu open-cut mine and establishing the Shengli mining zone. In the structure of coal production, we should conduct open-cut and shaft operations simultaneously. All these have indicated that the policy decisions made by the autonomous regional party committee and people's government are correct and in conformity with reality. They have also indicated that the broad masses of cadres, staff members, and workers within the region's coal industrial front have done a great deal of effective work in this regard under the leadership of the autonomous regional party committee and people's government, and under the support given by various departments.

Vice Minister Han Ying also voiced the important opinions on building the Harwusu open-cut mine, the Wanli mining zone, the Shengli open-cut mine, the second-phase project for the No.1 power plant at the Jungar coal mine, and power plants among the coal pits under the Wuda mining bureau.

Respectively describing their experience and voicing their opinions during the forum were leading personnel from the autonomous regional level organs, including Qian Fenyong, Wang Zhan, and Song Zhimin; responsible comrades from the State Planning Commission, the Ministry of Power Industry, the State Development Bank, and the China International Engineering Consulting Corporation, who accompanied Vice Minister Han Ying during the inspection tour; as well as responsible comrades from the autonomous regional planning commission, the regional power administration bureau, and other units.

Northeast Region

Heilongjiang Secretary Speaks at Meeting

SK0912034594 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 8 Dec 94

[FBIS Translated Text] The Heilongjiang Provincial Party Committee held an enlarged standing committee

meeting in Harbin this morning. The meeting was primarily devoted to relaying the guidelines of the central economic work conference and the national organizational work conference. Comrade Yue Qifeng, secretary of the provincial party committee, presided over the meeting. Tian Fengshan, Ma Guoliang, Shan Rongfan, Yang Guanghong, Wang Xianmin, Li Qinglin, and Suo Changyou, standing committee members of the provincial party committee were in attendance. Also attending were leaders of the provincial people's congress standing committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial discipline inspection commission; heads of the provincial military district and the People's Liberation Army units stationed in the province; principal responsible comrades of various city and prefectural party committees; and responsible persons of pertinent departments directly under the provincial authorities.

Tian Fengshan, deputy secretary of the provincial party committee and acting governor of the province, relayed the important speeches made by General Secretary Jiang Zemin, Premier Li Peng, and Vice Premier Zhu Rongji at the central economic work conference, and made arrangements for the current economic work. Ma Guoliang, deputy secretary of the provincial party committee, relayed the guidelines of the national organizational work conference. Yue Qifeng delivered an important speech on implementing the guidelines of the central economic work conference and the national organizational work conference.

Yue Qifeng pointed out: Inflation should be checked resolutely, and agriculture should be put in the first place of economic work. Great efforts should be made to invigorate large and medium-sized state-owned enterprises and open up the second battlefield of economic development. He demanded: The whole province should continue to carry forward the spirit of the Great Northern Wilderness, the Daqing spirit, and the Iron Man spirit and should emancipate the mind, straighten out ideas, and enhance morale. Party organizations at all levels should guide the people throughout the province to overcome difficulties, to carry out the tasks set forth by the third plenary session of the seventh provincial party committee, and to work hard for fulfilling the second-step strategic objective of economic development by the scheduled time.

The comrades participating in this meeting pledged to conscientiously implement the guidelines of the central economic work conference and the national organizational work conference, to further seek unity of thinking among party members and cadres throughout the province, to creatively conduct work in line with the province's realities, to ensure the province's economic development and social progress, and to make new contributions to the state.

Heilongjiang Secretary on Rural Economic Work

SK0912034394 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 8 Dec 94

[FBIS Translated Text] After hearing the report on the provincial rural work, Yue Qiseng, secretary of the provincial party committee, pointed out: To accelerate the development of Heilongjiang's economy and fulfill the quadrupling task, we should primarily place hopes on the agricultural front. All prefectures and cities should take full advantage of the present good foundation for agricultural development to accelerate the development of agriculture by further emancipating the mind and increasing dynamics with a view to making even greater contributions to the development of the entire national economy.

On the morning of 8 November, Yue Qifeng, Tian Fengshan, Suo Changyou, and Sun Kuiwen, leaders of the provincial party committee and the provincial government, listened to the report made by (Zhao Yu), deputy secretary general of the provincial government, on the province's rural work, on the reform of land-use system, on construction of water conservation projects, and on supervision and management of peasants' burdens.

The report states: Various rural economic trades in the province have maintained a good trend of development over recent years. By maintaining the present speed of development, we will be able to fulfill the objective of quadrupling the 1980 GNP and enabling the people to lead a comfortable life two years ahead of schedule.

Yue Qifeng pointed out at the report back meeting: The third plenary session of the seventh provincial party committee defined the major direction of the opening of the second battlefield. This occupies a very great proportion in agriculture and rural economy. The agricultural front should shoulder this heavy task. The province has reaped bumper harvest in grain for many years running. This requires our great endeavor in developing grain processing and transformation. With the solid foundation of grain, we should accelerate the development of animal husbandry and aquatic product industry. We should also accelerate the development of township and town enterprises. By using the favorable opportunity that township and town enterprises in southern China are transferring their lower-level products, we should again push the development of township and town enterprises onto a new height.

Heilongjiang Land System Reform Conference Ends

SK1112035494 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 10 Dec 94

[FBIS Translated Text] The four-day provincial land utilization system reform work conference successfully ended in Harbin today.

The conference relayed and implemented the guidelines of the national land utilization system reform work conference sponsored by the State Council as well as the guidelines of the third enlarged plenary session of the seventh provincial party committee and summed up the province's practical experiences in reforming the land utilization system, implementing the basic land policies of the state, and cultivating and developing land markets gained over the past years. Responsible persons from some cities and counties, including Harbin, Qiqihar, Mudanjiang, Keshan, and Hailun, exchanged their good experiences in reforming the land utilization system. The conference also studied and explored the issues concerning how to deepen reform, strengthen the management of land, develop land markets, and realistically protect cultivated areas.

The conference pointed out: Although our province has made better achievements in reforming the land utilization system, some problems that cannot be ignored still exist. Now, the phenomena of unlawfully giving approvals for utilization of land and illegally occupying land are more serious. Such unlawful trading phenomena of wantonly transferring and leasing land and arbitrarily leaving land as a pledge exist generally. So, the state-owned land property is seriously losing. Calculations showed that the province annually loses more than 500 million yuan of state-owned land property, and unlawful land utilization cases take place in some localities.

To this end, the conference pointed out: It is necessary to expand the dynamics of reforming the land utilization system, to accelerate the pace of cultivating and developing land markets, to further expand the scale of selling state-owned land utilization rights, to gradually bring the originally transferred land into the orbit of paid use, to promote the reform of the [words indistinct] enterprise land utilization system, to further enliven land property, and to create conditions for promoting the implementation of the modern enterprise system. The implementation of the state land policies and the protection of cultivated areas should gradually be covered in the system that the government leading cadres at various levels should fulfill their assigned duties during their term of office. We should strengthen the macroeconomic regulation and control of land supply and realistically protect the 130 million mu of cultivated areas that should be protected.

Achievements in Reform Noted

SK1112040194 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 10 Dec 94

[FBIS Translated Text] Our province has made gratifying achievements in reforming the land utilization system. As of now, the province as a whole has sold rights to using 13,520,000 square meters of state-owned land and earned 1.5 billion yuan from paid use of land. More than 3,000 Chinese and foreign traders have been attracted to develop and build Heilongjiang with a total investment of more than 4 billion yuan.

Following the promulgation and implementation of the PRC provisional regulations on selling and transferring urban state-owned land utilization rights in 1990, our province selected 18 cities and counties of different categories to carry out the regulations on a trial basis. In line with actual conditions, all localities sold and transferred the rights to use of state-owned land according to laws. Over the past three years or so, the income from sales of land property accumulated by each of such cities as Harbin, Qiqihar, Mudanjiang, and Heihe surpassed 100 million yuan. To solve the complicated problems relating to the utilization of land by development zones, all prefectures, cities, and counties have strengthened macroeconomic regulation and control and simplified the approval procedures. In line with the experiences in reforming the urban state-owned land utilization system, all localities have bravely introduced the market mechanisms to the methods for developing and auctioning the rights to using wasteland, barren hills, and deserted beaches, ditches, and water surfaces. So far, 70 percent of the province's cities and counties have gone into action in this regard. More than 3 million mu of wasteland, barren hills, and deserted beaches, ditches, and water surfaces have been sold and more than 50 million yuan of income were directly gained from this.

Jilin River Blocking Operation Ends

SK1312042494 Changchun JILIN RIBAO in Chinese
29 Nov 94 p 1

[Report by Li Shicheng (2621 4258 6134): "Xiaoshan Power Station Starts During this Year and the Blocking of River Water Also Completes Within This Year"]

[FBIS Translated Text] At 1510 on the afternoon of 24 November the great river water blocking operation of the Xiaoshan power plant, which is a terraced power station project on Songjiang He, located on the foot of Changbai Shan, was successfully completed, creating a miracle in the history of water and power construction of China as the project was started and the river was dammed within the same year.

Songjiang He terraced power station is in Fusong County, Jilin Province, and is located on Songjiang He, which is a tributary on the upper reaches of the No. 2 Songhua Jiang and is some 30 km away from Changbai Shan as the crow flies. This project, which includes the three terraced power stations of Xiaoshan, Shuanggou, and Shilong with a total installed capacity of 510,000 kw is the state key construction project during the "Eighth Five-Year" period, and is planned to be completed in 10 years or so.

Cadres of the China No.1 water conservancy and electricity Engineering Bureau that undertook the construction of the Songjiang He terraced power station faced the severe situation that the funds could not be promptly put in place when the construction of the Xiaoshan power station began in May 1991. Keeping the overall situation in mind, they worked with one heart, engaged in arduous

struggle, and finally started the project successfully in June; they overcame the turbulent current, struggled against landslides, and realized the goal of blocking the water during this winter.

Liaoning Secretary Speaks at Rally

SK0812131094 Shenyang LIAONING RIBAO in Chinese 27 Nov 94 p 1

[Report by Liu Zhiyun (0491 1807 0061): "The Provincial National Unity and Progress Commendatory Rally is Ceremoniously Held"]

[FBIS Translated Text] The third provincial rally to commend model units and individuals outstanding in promoting national unity and progress was ceremoniously held at Liaoning Building on 26 November. Leaders of the province, the provincial military districts, and the State Nationalities Affairs Commission, including Gu Jinchi, Quan Shuren, Shang Wen, Xiao Zuofu, Zhang Lingyun, Wang Hongming, and Hao Weming, attended the rally and presented awards to 75 model units, including the Shenyang teaching equipment plant, and 75 model individuals such as Liu Shaowu, vice chairman of the Fuxin city Planning Commission, who made contributions to promoting national unity and progress. On behalf of the State Council, they also presented awards to national model units and individuals outstanding in promoting national unity and progress.

The commendatory rally was presided over by Xiao Zuofu, member of the standing committee of the provincial party committee and executive vice governor. Gu Jinchi, secretary of the provincial party committee, gave a speech. On behalf of the provincial party committee, he first extended congratulations to the elected model units and individuals and lofty respects to all comrades who contributed to the province's national unity and progress work.

Gu Jinchi said: The people of various nationalities across the province have united as one, worked hard for the prosperity of the country, participated in the great cause of socialist modernization, reform, and opening up, and added a new brilliant chapter to Liaoning's invigoration and development. The minority nationalities and the nationality areas enjoyed social stability, economic development, national unity, improved livelihood, and rapid development in all undertakings. In 1993, the GNP of the nationality autonomous areas in the province reached 8.414 billion yuan, up 91 percent over 1993, or an average annual increase of 24.1 percent; the total industrial and agricultural output value reached 15.071 billion yuan, up 210 percent over 1990, or an average annual increase of 46.7 percent; the total social investments in fixed assets amounted to 1.051 billion yuan, up 300 percent over 1990, or an average annual increase of 59.3 percent; the transactions of urban and rural fair trade reached 1.134 billion yuan, up 71.3 percent over 1990, or an average annual increase of 19.7

percent. The average per capita net income of peasants increased by 253 yuan over 1990. Great progress was made in diversified economy, township enterprises, business invitation and introduction of funds, and building of infrastructure facilities. The nationality areas witnessed fairly rapid development in science, technology, education, culture, sports, public health, and all undertakings, an annual rise in the proportion of minority nationality cadres, and all kinds of specialized personnel of minority nationalities.

Gu Jinchi said: During recent years, through conducting activities to promote national unity and progress, we have implemented the party's various policies on nationalities, let the ideology that the "Han nationality can never be separated from the minority nationalities and the minority nationalities also cannot be separated from the Han nationality" strike roots in the hearts of the people, given rise to many model units and individuals outstanding in promoting national unity, and created gratifying achievements. In face of the disasters of floods and waterlogging during the summer of this year, cadres in the nationality areas fought in unity against disasters, showing a high degree of cohesion of the Chinese nation.

In referring to the importance of recognizing Liaoning's nationalities work from the strategic high plane of ensuring a long period of order and security in the country, Gu Jinchi said: Our province's nationality work tasks are fairly heavy. The province as a whole has 43 minority nationalities, nine nationality autonomous counties, six counties where nationality people live in compact communities, and 142 nationalities townships and towns, with a total minority nationality population of more than 6.16 million which has accounted for 15.62 percent of the province's total population, and ranks fifth in China in the absolute number of minority nationalities. In such a big multi-national province, the degree of attention to the economic and cultural development of minority nationality cadres and nationality areas and the degree of implementation of the party's various nationalities policies will have a direct bearing on promoting national unity and giving play to the enthusiasm of minority nationalities, and will affect social stability and prosperity.

Gu Jinchi said: The key to actively developing the economy of minority nationalities lies in emancipating ideology, seeking truth from facts, and actually implementing the party's reform and opening policies and all nationalities policies in the nationality areas. We should recognize the gaps in ideology and concepts by perceiving the gaps in economic development, and accurately find out the issues that cannot meet the demands of the socialist market economy. Within the framework permitted by objective conditions, the nationality areas should promote the spirit of daring to think, to do, to try, and to blaze new trials and unceasingly promote economic development.

On how to realistically strengthen the party's leadership over nationality work, Gu Jinchi called for efforts to

properly handle the internal contradictions among the minority nationality people and consolidate and develop the socialist national relations of a new type; exert efforts to actively cultivate minority nationality cadres and all kinds of trained personnel; strengthen the building of the legal system, realistically implement the law on regional autonomy for minority nationalities; actively strengthen the building of rural grass-roots party organizations; and conscientiously publicize the Marxist national concept and the party's policy towards nationalities.

Gu Jinchi stressed: We should conscientiously implement the spirit of the State Council's and the provincial government's commendatory meetings, keep eyes on doing more good and practical things, maintain closer ties among people of various nationalities, and struggle to comprehensively promote the province's national unity and progress work and realize the great objective of conducting second pioneering program in the province.

Representatives of the state and provincial model units and individuals outstanding in national unity and progress work, mayors, secretary generals, and chairmen of nationalities committees of all cities in charge of nationalities work, and responsible persons of Shenyang Railway Bureau, Dongbei Power Administrative Bureau, Liaohe Petroleum Prospecting Bureau, the provincial Armed Police Force, and all provincial departments concerned attended the rally.

Liaoning Dissolves Over 350 Departments

OW1012040894 Beijing XINHUA in English 0256
GMT 10 Dec 94

[FBIS Transcribed Text] Shenyang, December 10 (XINHUA)—More than 350 party and government departments have been dissolved in northeast China's Liaoning Province, a move that involved 21,500 staff members.

Departments under the provincial party committee and government have been reduced from 101 to 69 in line with the principle of "simplification, unification and efficiency."

Plans for structural reforms in 13 prefecture-level cities have won approval from the provincial government, for cutting staff totalling more than 20,000 people in government bodies.

Institutions directly under the provincial government have been cut down to 30 from 37, dismissing 2,801 people.

Social Security System Developing in Liaoning

OW1012044194 Beijing XINHUA in English 0206
GMT 10 Dec 94

[FBIS Transcribed Text] Shenyang, December 10 (XINHUA)—A social security system will be put into effect in institutional departments of northeast China's Liaoning Province in the next three years.

In the past, members of these units would enjoy state welfare benefits all their lives, without the worry of loss of jobs and cost of living after retirement, something which added a great fiscal burden to the country.

According to local officials, some 1.5 million people will benefit from the system, which will also help reinforce the system of civil servants.

Premiums will be the jointly responsibility of the state, the work unit and the individual. Government administration and fund management will be separated.

The system will be implemented in combination with the province's reforms in the personnel system and other aspects.

Liu Liansheng, director of the province's Department of Personnel, said that the system was put into effect in 1992, and the province has now accumulated one hundred million yuan in funds for old-age security from workers in institutional departments.

"The system has relieved the country's fiscal burden," he added, "and released workers from worries after retirement."

MAC Chief Calls For Relaxed Cross-Strait Ties
OW1312093194 Taipei CNA in English 0819 GMT 13 Dec 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Dec. 13 (CNA)—Taiwan should relax cross-Taiwan Strait indirect trade and investment policies to help it become an Asia-Pacific business operations hub, outgoing chairman of the Council for Economic Planning and Development Hsiao Wan-chang said Tuesday [13 December].

Hsiao, who has just been designated the new chairman of the Mainland Affairs Council (MAC), said the steadily growing economic and trade relations between the two sides of Taiwan Strait will influence the rate at which Taiwan can develop into a regional operations center.

Hsiao said that Taiwan will map out a strategy to develop into an operations hub and will also work to expand the substantial trade ties with the mainland. However, all work must take into consideration of national safety, he added.

Hsiao, speaking during the 15th science and technology advisers conference, said Taiwan aims to develop itself to a commercial activity center in Southeast Asia and shoulder the responsibility of working as an intermediary between advanced countries and developing nations.

Major goals for the establishment of an Asia-Pacific business operations hub include encouraging domestic enterprises and attract multi-national enterprises to set up footholds in Taiwan, Hsiao noted.

With the combined economic resources of Mainland China and the Asia-Pacific, Taiwan has plenty of room to develop and massively upgrade its influence in the region, he said.

Key points for planning such a center include overall economic adjustment measures and the development of professional business operations centers, Hsiao said.

On the overall economic adjustment measures, Hsiao said, Taiwan will cope with its entry into the General Agreement on Tariffs and Trade (GATT) to accelerate the pace of economic liberalization and internationalization, and promote a free flow of goods, services, personnel, capital and information in order to construct Taiwan into a highly-free open economy.

Hsiao stressed that concrete steps include reductions of restrictions on personnel entry and exit as well as capital inflows and outflows to make Taiwan a convenient international investment climate.

On the development of professional business operations centers, he said the government will map out a comprehensive program based on Taiwan's various different economic conditions to develop the island into six

professional business centers—manufacturing, shipping, aerospace, finance, telecommunications, and media.

Hsiao said the Executive Yuan's task force has completed a report on the case and is scheduled to put it into practice by mid-1995.

With drastic economic changes taking place in the world, it is best for Taiwan to develop into a regional business center to help it break through the economic development bottleneck, Hsiao pointed out.

Meanwhile, Economic Affairs Minister P. K. Chiang pointed out Tuesday that Hsiao's appointment to MAC chairman will be of great help in promoting the Asia-Pacific business operations hub plan, and may open a new phase in economic and trade links between the two sides of Taiwan Strait.

Hsiao's familiarity with the nation's economic affairs will also help clear up the undetermined role which Mainland China will play in developing Taiwan into a business operations center, Chiang added.

SEF Willing To Sign Pact With ARATS

OW1312144194 Taipei CNA in English 0830 GMT 13 Dec 94

[By Sofia Wu]

[FBIS transcribed Text] Taipei, Dec. 13 (CNA)—The Straits Exchange Foundation (SEF) said Tuesday [13 December] it is willing to sign a cultural and educational exchange agreement with Beijing-based Association for Relations Across the Taiwan Strait (ARATS).

Nevertheless, SEF spokesman Shih Chi-ping said, negotiations for signing of such an agreement should be held during working-level talks between the two intermediary organizations.

Shih was responding to remarks made by ARATS vice chairman Tang Shuei Monday that SEF should not have organized a delegation of educators and arts promoters to visit Mainland China since it has not yet signed an accord with ARATS on such exchanges.

SEF originally planned to send a cultural delegation to the mainland last Sunday, but later gave up the plan because ARATS declined to help arrange an itinerary for the group.

Shih said the planned visit aimed to promote cultural exchanges and enhance mutual understanding and friendship. In the past few years, many mainland artists, educators, academics and prominent figures in other professional fields have visited Taiwan, and a number of Taiwan scholars and artists have also visited the mainland.

"Most such visits were arranged without any specific agreement," Shih said, adding he couldn't understand why ARATS would reject the [passage indistinct] would

not oppose talking with ARATS officials about the signing of an accord to regulate cross-strait cultural exchanges in the future.

SEF and ARATS are semi-official bodies established by their respective governments to handle cross-strait exchanges in the absence of official contacts.

Cross-Strait Trade Disputes Increasing

OW1312142794 Taipei CNA in English 0809 GMT 13 Dec 94

[By Sofia Wu]

[FBIS Transcribed Text] Dec. 13 (CNA)—The government will work out feasible ways to help Taiwan businessmen resolve trade disputes with their mainland Chinese counterparts, economic affairs minister P.K. Chiang said Tuesday [13 December].

Speaking at a seminar on solutions to cross-Taiwan Strait trade disputes, Chiang said the number of cross-strait trade disputes has increased steadily because of rapidly growing commercial exchanges between the two sides.

Chiang said Mainland China and Taiwan listed each other as their fourth largest trade partner in 1993. Two-way trade across the Taiwan Strait is expected to reach U.S.\$15 billion this year. In addition, Taiwan companies have invested more than U.S.\$10 billion on the mainland.

Booming trade has fueled a steady increase in cross-strait trade disputes, Chiang noted. There are currently 120 cross-strait trade disputes pending settlement. Among them, 56 cases are related to investment affairs, 19 cases related to trade, 33 cases related to civil and criminal codes, four cases related to intellectual property rights infringement and the remaining cases related to other irregularities.

As Mainland China lacks a sound, healthy legal system and labor-management conflicts occur frequently there, Chiang said Taiwan-owned companies on the mainland should strengthen contacts and cooperation to better protect their own interests and rights.

The government is also considering helping Taiwan companies resolve trade disputes with their mainland counterparts through international commercial arbitration organizations, Chiang said.

"We are also studying the feasibility of joining forces with the mainland to set up an arbitration and mediation institution to settle cross-strait trade disputes," Chiang added.

The one-day seminar was co-sponsored by the Chung Hua Institute for Economic Research, Taipei Exporters/Importers Association and the ROC Commercial Arbitration Council.

President Li Meets With Tuvalu Prime Minister
OW1312082794 Taipei CNA in English 0749 GMT 13 Dec 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 13 (CNA)—President Li Teng-hui said Tuesday [13 December] that the Republic of China [ROC] is very willing to share its development experience with friendly foreign countries.

Li made the statement while meeting with Tuvalu Prime Minister Kamuta Latasi at the presidential office.

Accompanied by his wife, Latasi arrived in Taipei Sunday for a six-day visit.

While extending a warm welcome to the couple, Li expressed the hope that their visit here will further strengthen various cooperative ties and exchanges between the two countries.

Noting that he was greatly impressed with the ROC's progress and prosperity, Latasi said that he believed Tuvalu will certainly benefit from the ROC's development experience during the past four decades.

Tuvalu, which won its independence from Britain in 1978, established diplomatic ties with the ROC in 1979. The two countries have signed several fishery cooperation agreements.

As a strong ROC ally, the South Pacific country firmly supports the ROC's bid to join various international organizations.

Taipei-Tokyo Nuclear Safety Seminar Opens

OW1312142694 Taipei CNA in English 0724 GMT 13 Dec 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Dec. 13 (CNA)—The ninth Republic of China [ROC]-Japan seminar on nuclear safety opened in northern Taiwan Tuesday [13 December] with 200 nuclear scholars and experts participating.

Taiwan's Atomic Energy Council vice chairman Liu kuang-chi officiated the opening ceremony at Taoyuan in northern Taiwan Tuesday morning.

During the two-day seminar, participants will discuss the construction, operation and safety controls of nuclear power plants as well as the disposal of nuclear waste and management technology transfers.

Taiwan began nuclear exchanges and cooperation with Japan in 1986 and holds the annual seminar in Taiwan and Japan alternatively to exchange experiences, upgrade nuclear operations standards and enhance public knowledge about nuclear energy.

The ninth seminar was jointly sponsored by the Asia-Pacific Council for Science and Technology and the Japan Atomic Industrial Forum. Co-sponsors include the Atomic Energy Council, Taiwan Power Company, National Tsinghua University and the Industrial Technology Research Institute.

A total of 25 papers will be delivered during the seminar. Taiwan currently has three nuclear power plants in operation.

Portugal Exports Decline; European Deficit Rises
OW1012083694 Taipei CNA in English 0739 GMT 10 Dec 94

[By Jorge Liu and Sofia Wu]

[FBIS Transcribed Text] Madrid, Dec. 10 (CNA)—Taiwan's exports to Portugal have continued to decline, while its imports from the southwestern European country have increased substantially.

According to official tallies, Taiwan exports to Portugal totaled only US\$63.1 million between January and October, down 28.5 percent from the year-earlier level.

During the same period, Taiwan imported US\$30.5 million worth of goods from Portugal, up 45.9 percent from the year before.

Two-way trade between Taiwan and Portugal declined 14.2 percent in the January-October period to US\$93.6 million, the largest drop among the 12 European Union member states.

Taiwan's trade surplus with Portugal also decreased to US\$32.6 million, down 51.56 percent as compared with the same period of last year.

Among EU nations, Portugal does relatively little trade with Taiwan, ranking ahead only of Luxembourg in terms of bilateral trade volume.

Meanwhile, Taiwan's trade deficit with Europe continues to widen, with the amount reaching US\$2.56 billion in the first 10 months of this year. The figure was more than triple last year's US\$724 million.

Taiwan-Europe trade rose 6 percent to US\$23.52 billion in the January-October period, according to customs statistics. Of the amount, Taiwan exports to Europe totaled US\$10.44 billion, down 2.4 percent from the year-earlier level, while imports climbed 13.8 percent to US\$13.08 billion.

Trade with EU countries amounted to US\$18.87 billion, accounting for about 80.4 percent of Taiwan's total trade with all European nations. The figure represented a 4.7 percent increase over the same period of last year.

Taiwan exported US\$9.11 billion worth of goods to EU member states during the 10-month period, down 3.2 percent, while imports from EU states rose 13.4 percent to US\$9.76 billion.

EU groups Austria, Belgium, Britain, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain.

Electricity Fees Unchanged Until June 1996

OW1012080194 Taipei CNA in English 0705 GMT 10 Dec 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 10 (CNA)—Taiwan's electricity fees will remain unchanged at least until June 1996 despite a recent increase in oil prices expected to push up power generation costs, the Taiwan power company said Saturday [10 December].

Taipower, a state-run company, is currently the sole electricity supplier in Taiwan.

Hsi Shih-chi, president of Taipower, pointed out that power generation costs will go up about 29.3 percent due to the average 2.99 percent hike in various oil prices announced by the state-owned Chinese Petroleum Corp. earlier this week.

Power generation costs are expected to increase by NT\$600 million (US\$22.77 million) during fiscal 1995, which ends on June 30, 1995, and rise by NT\$1.2 billion (US\$45.54 million) during fiscal 1996, hsi elaborated.

But, he noted, the ever-plunging coal price on the international market helps offset the oil price increases, thereby making it possible for Taipower to maintain electricity fees at current levels.

Taipower made a profit of NT\$30.9 billion (US\$1.17 billion) during the first five months of fiscal 1995, while its official profit for the fiscal year was projected at NT\$31.1 billion (US\$1.18 billion).

The figures indicate that the power company will achieve the profit target for the whole fiscal year in just six months, Hsi said.

Hong Kong

Qian Qichen's Speech at PWC Plenary Session HK1312011294 Hong Kong TA KUNG PAO in Chinese 9 Dec 94 p 5

[*"Full text" of the speech delivered by Qian Qichen (6929 0366 3819) at the Preliminary Working Committee plenary session on 8 December 1994]*

[FBIS Translated Text] Members, I now declare the Fourth Plenary Session of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR] open.

Following the resolution of the Third Plenary Session of the PWC, all specialist subgroups have conducted further research on matters relating to Hong Kong's smooth transition in the last six months, and are in the process of writing up some proposals. At the same time, these subgroups have started research on some new topics. The administrative affairs group has put forward a written proposal on the setting up of the preparatory committee for the Hong Kong SAR, the formation of the first SAR government in office and the setting up of the provisional legislative assembly of the SAR. The economic affairs group has made recommendations on the handover of the land fund in 1997 and its subsequent management. The culture group has put forward written proposals on the transitional arrangements with regard to the names of public bodies in Hong Kong, emblems, flags, official seals, public holidays in Hong Kong after 1997, honorary titles and stamps. The social affairs and security group's written recommendations cover first the question of the right of abode of children born to permanent Hong Kong residents in China; second, the question of defining Hong Kong permanent residents; and third, whether Hong Kong residents who have emigrated and later returned qualify as permanent residents. Moreover, the economic affairs group has carried out major studies on the linked exchange rate system; the retirement protection system in Hong Kong, which directly affects people's livelihood, and the "old age pension scheme" proposed by the British Hong Kong Government; the economic and trade relations between Hong Kong and the mainland after 1997; the current land and housing policies in Hong Kong; the measures to curb property prices implemented by the British Hong Kong Government; and the coordination on major infrastructure projects between Hong Kong and the mainland. The legal affairs group has focused on discussing ways of dealing with Hong Kong's current laws, and the legal questions related to setting up the provisional legislative assembly.

The research teams set up under the various groups have carried out a series of research and consultative activities, which have helped to promote the work of the PWC. In the last six months, new research teams on civil servant affairs and electoral matters have been set up. The formation of these research teams can further

absorb professional and experienced people from all sectors of Hong Kong as members, so that they can contribute a diversity of views when the PWC holds its discussions and help to deepen its research. This is in line with our policy of catering to the needs of the people of Hong Kong and relying on them. Up to now, the subjects that have been discussed by the PWC have covered a relatively wide range, including the formation of the SAR government and various matters related to Hong Kong's economy and people's livelihood. These results have been achieved through the joint efforts and combined wisdom of all PWC members and people who have participated in the research on the various subjects. Although the PWC only puts forward proposals on the subjects it has discussed, one can see that it has provided a framework in preparation for the setting up of the future Hong Kong SAR. I wish to congratulate and thank PWC members for the outstanding work they have been doing.

As we all know, some of the matters discussed by the PWC are directly related to the handover of sovereignty over Hong Kong and the establishment of the Hong Kong SAR. Other matters, which belong to the fields of economy, finance, culture and education, affect Hong Kong people's basic interests. Both have an impact on Hong Kong's smooth transition and are therefore matters of concern to the general public. So the PWC has a responsibility to show that it is concerned about these matters and will carry out thorough research on them. During the last six months the PWC has discussed the question of whether a provisional legislatively assembly should be set up. This is not only directly related to the question of a smooth transition but also involves arrangements in other areas. We had originally devised the special arrangement of the "through train," the idea of which was that subject to the agreement between China and Britain, the legislative body elected in Hong Kong in 1995 could continue after 1997. It would have been a good thing if this could have been achieved. But due to noncooperation by the British side, this arrangement has been disrupted. So we have to present a practical proposal to ensure that when the SAR is established, the relevant laws can operate smoothly and effectively, and that will require a transitional legislature. The reason we do this is to prevent a chaotic situation arising during the transition period. We have confidence that we can prevent chaos from occurring.

I would like to mention a few more things which are closely linked to the interests of Hong Kong people. These relate to the territory's stability and to the confidence of investors in its future, so one cannot say that they are not big matters. Last October and November, the PWC economic affairs group held two seminars, on Hong Kong's linked exchange rate system and on the post-1997 trade and economic relations between Hong Kong SAR and the mainland respectively. The officials in charge of the relevant departments, Hong Kong Government officials, and people from various sectors of society were invited to take part. Views on major matters

affecting Hong Kong's economic development were exchanged and explored, and consensus was reached on some of them. The meaning of this goes far beyond winning a broad section of Hong Kong people's support for the research work done by the PWC. More importantly, it enabled Hong Kong and the mainland to understand each other more concretely and deeply, and made Hong Kong people further appreciate that the state is firmly committed to carrying through the policy of "one country, two systems" and "Hong Kong people ruling Hong Kong." The two seminars and their outcome have been highly acclaimed by the Hong Kong community. There were comments like "the PWC is doing tangible work to help Hong Kong achieve a smooth transition and defend its people's interests," and "it shows that the work of the PWC is receiving more and more recognition from various sectors of the community." The facts show that the PWC is listing some of the important matters affecting the smooth transition of Hong Kong and its people's interests on its agenda, and presenting views and recommendations which are in line with the relevant provisions of the Basic Law. This is moving in the right direction, and receives affirmation and support from Hong Kong people.

Members, the work of the PWC is progressing smoothly according to our plan and timetable. This is inseparable from our advantageous domestic and international position. Since the beginning of this year, a series of reform measures covering taxation, finance, foreign exchange, investment, prices and distribution systems and geared toward establishing a socialist market economy has been implemented. Better than expected progress has been made and relatively good results have been achieved. The national economy is expected to grow by about 11 percent this year; people living in urban and rural areas are continuing to have their standard of living improved. Although rapid price rises have been a problem, with deepening reform and implementation of the macroeconomic regulation and control measures these problems are being and will be solved. The economic conference recently held by the Central Committee indicated clearly the direction of our economic work next year. The international trend is that economy comes before everything; in international relations the economic factor has become the number one key factor. The spectacular emergence and growth of our economy has steadily raised our status in the international community. Recently our leaders have visited many countries. These visits have helped to preserve old friendly relations and develop new ones, as well as to expand our trade and economic cooperation with the countries concerned. Of note was the attendance of President Jiang Zemin at the second informal meeting of the leaders of the Asia Pacific Economic Cooperation organization and his visits to countries in the area and meetings with their heads of state. All these showed that our country is playing an important part in international and Asia-Pacific affairs. The declaration passed by the meeting

showed the bright prospects for future economic cooperation in the Asia-Pacific region. One can say that since the PRC was founded, the current period is one in which we have the widest scope for diplomatic maneuver, the most stable relations with our neighboring countries and the most attractive market prospects. A strong, stable mother country whose international status continues to rise is the strongest support we have for carrying out the resumption of sovereignty over Hong Kong.

During this last stage of the transition period, we sincerely hope the British side will return to the track of abiding by the Joint Declaration and cooperating with the Chinese side. We believe that in the final analysis, cooperation is not only beneficial to Hong Kong and China, but also in Britain's best interests. When Foreign Secretary Hurd met me in New York at the end of September, he repeatedly expressed the wish to increase Sino-British cooperation, and made some proposals on the Hong Kong question. We welcome this. Of course, to really achieve this, realistic actions need to be taken. We hope the British Hong Kong Government will change its attitude toward the PWC and show more sincerity. This would be beneficial to the smooth transition of Hong Kong and would help to preserve its stability and prosperity, as well as improve Sino-British relations.

Members, the international and domestic situations are both good. We all want Hong Kong to have a smooth transition and it will inevitably come about. This meeting is a review of the work of the PWC since it was established more than a year ago. I hope members will carry out further research and analysis on the proposals that have been formulated so far, so that we can present high-quality reports to the preparatory committee. As the preparatory committee for the Hong Kong SAR will be formally set up in 1996, so the PWC will only have one year, which is next year, in which to work. Time is running out, and the responsibility is heavy, so I hope members will concentrate their energy and work together to complete our task in time.

I wish you all a successful meeting. Thank you.

Qian Comments on Future

*OW12121094 Beijing XINHUA in English 1303
GMT 12 Dec 94*

[FBIS Transcribed Text] Beijing, December 12 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that all foreign investors in Hong Kong can rest assured that after 1997, Hong Kong's current social and economic systems will remain unchanged.

Meeting with a delegation composed of leaders of the chambers of commerce of a dozen foreign countries in Hong Kong, Qian said that, considering the realities and special status of Hong Kong, China will change neither the existing environment for conducting trade and economic activities nor its way of life in that region after it resumes sovereignty in 1997.

He told Paul M.F. Cheng, leader of the delegation and Chairman of Inchcape Pacific Limited, that after 1997 all entrepreneurs and investors in Hong Kong will do business as usual, adding: "you can rest assured that the central government will not levy any tax on the Hong Kong Special Administrative Region."

He said that some changes may take place in Hong Kong after 1997. For example, the British flag will no longer fly over Hong Kong and its army will be withdrawn. The chief executive of the Hong Kong Special Administrative Region will be appointed by the central people's government.

During the meeting, Qian praised leading members of the foreign community in Hong Kong for their efforts to maintain Hong Kong's prosperity and stability.

He expressed hope that they would continue to do their business well in Hong Kong and make fresh contributions to maintaining the prosperity and stability of the region.

Qian Reassures Foreign Investors

OW1212135894 Beijing XINHUA Domestic Service in Chinese 1250 GMT 12 Dec 94

[By reporter Feng Xiuju (7458 4423 5468)]

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—Qian Qichen, vice premier and foreign minister, today met with a visiting group from Hong Kong's foreign chambers of commerce. He emphasized during the meeting that investors of all countries in Hong Kong can rest assured that after 1997, Hong Kong's current social and economic systems will remain unchanged.

Qian Qichen told Paul M.F. Cheng, leader of the visiting group and Chairman of Inchcape Pacific Limited, and the responsible persons of more than 10 foreign chambers of commerce in Hong Kong: Considering the realities and special status of Hong Kong, China will change neither the existing environment for conducting trade and economic activities nor the way of life in Hong Kong after it resumes sovereignty in 1997. All entrepreneurs and investors in Hong Kong may do business as usual. Investors from all countries can rest assured that the central government will not levy any tax on the Hong Kong Special Administrative Region. He said: Of course, some changes will take place in Hong Kong. For example, the British flag will no longer fly over Hong Kong and its Army will be withdrawn; and the chief executive of the Hong Kong Special Administrative Region will be appointed by the central people's government.

Qian Qichen extended his welcome to the visiting responsible persons of foreign chambers of commerce in Hong Kong and praised them for their efforts to maintain Hong Kong's prosperity and stability. He expressed the wish that they would continue to do their business

well in Hong Kong and make new contributions to maintaining Hong Kong's prosperity and stability.

During the meeting, Qian Qichen answered questions raised by the visitors.

Chen Ziyi, deputy director of the State Council's Hong Kong and Macao Affairs Office, was present at the meeting.

Lu Ping Delivers Report on PWC Work

OW1112083294 Beijing XINHUA Domestic Service in Chinese 1146 GMT 10 Dec 94

[By reporters Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 10 Dec (XINHUA)—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office and vice chairman of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] delivered at the PWC's Fourth Plenary Session, which closed today, a report on the PWC's work plan for the first half of 1995.

Lu Ping said: The tasks of the PWC's various special groups for the first half of 1995 are to further revise and substantiate the suggestions and proposals put forward at the current session. The focus of the PWC's work for the second half of 1995 is to prepare for the organization of a HKSAR preparatory committee and to wrap up the PWC's work in all areas. Therefore, the PWC's work for 1995 still will be arduous.

Lu Ping said the PWC's chairmanship meeting decided that the particular issues the various special groups should study in the first half of 1995 are:

The special group on political affairs needs to further study matters concerning the establishment of an interim legislative council; and preparations for the organization of a HKSAR preparatory committee, a committee for electing the first HKSAR government, and the statutory and consultative organs of the first government. It should also further study ways to deal with problems resulting from the absence of regional organizations immediately after 1 July 1997 because the first HKSAR regional organizations will not come into being immediately after that date; as well as issues related to the establishment of HKSAR judicial organs and the court of final appeal, the stability of the cadre and system of government employees, the relationship between government administration and the legislature. Studies should also be conducted on issues related to how the preparatory committee will function specifically, how various organs should be established, how the preparatory committee and the various organs should cooperate with the leadership of the future HKSAR government, and how the leadership should carry out its work.

The special group on economic affairs should conduct studies on the steady transition of Hong Kong's economy, on economic problems involved in the process of handing over Hong Kong's political power, and on pressing issues that will require the HKSAR to assume responsibility and obligation. These issues and problems mainly include: Large projects that go beyond 1997, and the franchise and important contracts associated with these projects; the convergence of and coordination between large capital construction projects in Hong Kong and the mainland, especially those in Guangdong; Hong Kong's real estate problems; problems concerning the budget of Hong Kong's British authorities; problems concerning the handover of Hong Kong Government assets; and specific policies on economic and trade relations between Hong Kong and the mainland.

The special group on legal affairs needs to further study ways to deal with Hong Kong's current laws, and legal problems that are likely to affect the handover of Hong Kong's political power and the steady transition of Hong Kong. The group should closely follow the efforts of Hong Kong's British authorities to accelerate the revision of Hong Kong's current laws; and should keep itself posted on developments in this regard, study them, and offer opinions on how to deal with the problem. The group should also focus on the study of the judicial jurisdiction of the mainland and Hong Kong after 1997, and on ways to deal with legal conflicts after 1997. The issue of the judicial jurisdiction of troops stationed in Hong Kong should also be included on the group's agenda.

The special group on cultural affairs should continue to organize work to publicize the Basic Law; should study important policy changes that occur in Hong Kong's cultural arena during the transitional period, and problems related to participation in international organizations by Hong Kong's sports and other civic organizations after 1997, and their activities after this time; and it should also put forward proposals and suggestions on holding celebrations by Hong Kong residents to mark the establishment of the HKSAR.

The special group on social and security issues needs to study problems related to Hong Kong residents' travel documents, the need for troops in Hong Kong to help maintain social order and to fight disasters should the situation demand it after 1997, and cooperation between mainland and Hong Kong law enforcement departments to crack down on crime.

Lu Ping said: Based on this work plan, all special groups, according to their needs in carrying out their work, should submit plans for holding meetings, seminars, and consultative activities in Hong Kong; and should choose some issues that concern the people of Hong Kong for discussion and consultation. The PWC Secretariat will make arrangements after taking into consideration the plans submitted by the various special groups. All in all, we want the broad masses of Hong Kong residents to

know that the PWC truly considers their wishes and has an interest in what concerns them, that it has worked among them, and that it is joining them in greeting the establishment of the HKSAR and Hong Kong's stable transition.

Lu on Economic Panel's Work

HK1212071094 Beijing XINHUA Hong Kong Service in Chinese 1511 GMT 10 Dec 94

[Report: PWC Economic Panel's Work in First Half of Next Year Introduced by Lu Ping"]

[FBIS Translated Text] Beijing, 10 Dec (XINHUA)—Lu Ping, deputy director and secretary general of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], said here today: The PWC economic panel should center its discussions on issues related to the smooth economic transition, economic issues involved in the process of political power transfer, and pressing issues which the SAR will be required to bear responsibility for and commit itself to.

Lu Ping said at the Fourth PWC Plenary Session: These issues are mainly comprised of five aspects. First, large-scale projects, franchises, and important contracts which straddle 1997. The Chinese side and its British counterpart, who have reached an agreement on the proposed overall financial arrangements for the new Hong Kong airport, are now consulting with each other about the two financial support accords between the government and the Airport Authority and between the government and the Mass Transit Railway Corporation on the construction and management of the new airport and of the airport railway, and efforts are being made to try to reach an agreement as early as possible. Concomitantly, in order to make relevant arrangements at an early date, the economic panel will set about discussing 1997-straddling franchises and important contracts on the new airport, such as those for fuel supply, air meals, and aircraft maintenance. Since the waste-drainage project and the large-scale project of reclaiming Victoria Harbor, which the British Hong Kong Government intends to start, have evoked much controversy in Hong Kong, the economic panel should also discuss whether or not the two projects are necessary and reasonable.

Second, the coordination of large-scale infrastructures between Hong Kong and the mainland, and Guangdong in particular. The economic panel, while acting in line with the work of the coordination committee, will keep discussing issues related to the coordination of large-scale infrastructure between the two places so as to lay foundations for the long-term development of the Hong Kong economy.

Third, Hong Kong's real estate issue. The panel should gather relevant information on land and flat supply and discuss issues on Hong Kong's long-term land and housing policies and planning. Meanwhile, the economic

panel should also start discussing and proposing a solution for the issue of renewing land contracts due to expire after 1997 without the right of extension, thus providing the SAR Government a reference for settling the land contract issue.

Fourth, relevant issues on the British Hong Kong's financial budget and on the transfer of government assets. The transfer of government assets is an important part of the political power transfer, and the discussion of the way to clear and transfer government assets and liabilities is also part of the economic panel's work at the next stage.

Fifth, concrete policy issues on economic dealings and trade between the two places. At the next stage, efforts must be made to further discuss such concrete issues as the protection of intellectual property rights, the procedure and form of arbitration, the avoidance of double taxation, and trade statistics. These have an important bearing on furthering the joint economic development between Hong Kong and the mainland and preserving Hong Kong's long-term prosperity and stability.

Lu on Establishing SAR Committee

HK1212115894 Beijing ZHONGGUO XINWEN SHE
in Chinese 1338 GMT 10 Dec 94

[By reporters Gan Zhebin (3927 0772 2430), You Xiayin (3266 1115 5419) and Dong Hufeng (5516 2585 1496)]

[FBIS Translated Text] Beijing, 10 Dec (ZHONGGUO XINWEN SHE)—At today's news briefing after the end of the Fourth Plenary Session of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office and vice chairman and secretary general of the PWC, said that the Standing Committee of the National People's Congress [NPC] will announce the establishment of the Hong Kong SAR Preparatory Committee in late 1995, so there is only one year for the PWC to function.

Lu Ping said: The PWC plenary session deliberated the contents of the report submitted by the Political Affairs Group on the establishment of the preparatory committee, but the concrete points of the relevant issues have yet to be further considered. There is now only one year before the establishment of the preparatory committee. By the end of next year, the NPC Standing Committee will announce the official establishment of the Hong Kong SAR Preparatory Committee and will announce the name list of the chairman, vice chairmen, and members of the preparatory committee.

He said: Further consideration has yet to be given to the following questions. How will the preparatory committee be organized? How will it operate? After the preparatory committee is set up in Beijing, will a certain organ be set up in Hong Kong correspondingly? How will the functions of the organ in Hong Kong and of the

preparatory committee be coordinated in the division of work? How will the preparatory committee cooperate with the elected chief executive and major officials of the SAR government by their coordinating their functions? What relations should there be between the preparatory committee and the SAR interim legislative council? All such questions will be further discussed in detail.

Lu Ping added: After its establishment, the preparatory committee will function in a way different from the way the PWC operates. At present, the five working groups of the PWC hold a meeting every month to consider and discuss a number of questions at each meeting in order to provide opinions and proposals for the preparatory committee. However, after its establishment, in addition to considering and discussing various issues, the preparatory committee will have to start concretely preparing the establishment of the SAR government, and this is its more important function. The preparatory committee will not be just a research organ for providing proposals; instead, it will be a working organ. Therefore, the preparatory committee will need a strong working body, and will include a considerable number of professionals in all fields in Beijing and in Hong Kong in its staff.

As for when and how to set up the election committee for the first SAR government, Lu Ping said that this is a major question to be considered by the PWC Political Affairs Group next year.

Lu's Remarks Unleash 'Protest'

HK1212104094 Hong Kong AFP in English 0906 GMT
12 Dec 94

[By Peter Lim]

[FBIS Transcribed Text] HONG KONG, Dec 12 (AFP)—Beijing touched off a firestorm of protest Monday, including the charge that it was setting up a "wrecking committee" to bulldoze Hong Kong's institutions, after its latest statements on how the British colony will be run after 1997.

Protests poured in after Lu Ping, China's top official for Hong Kong affairs, said a temporary legislature would be set up to run the territory after the handover, as Britain had blocked the smooth transition of sovereignty.

Pro-democracy campaigners called for support for a motion that will be tabled in Hong Kong's Legislative Council (Legco) this week condemning the proposals formulated by the Preliminary Working Committee (PWC), a body co-chaired by Lu to oversee transfer of sovereignty in 1997.

"We want to give a very clear signal to Beijing that what is happening cannot be good for a smooth transfer of sovereignty," said legislator Martin Lee, head of the Democratic Party. "They call themselves the Preliminary Working Committee. I think it is more appropriate to be called a 'Preliminary Wrecking Committee,' because whatever you propose will be wrecked," he said.

In a paid full-page advertisement appearing in a Chinese daily, the Hong Kong Economic Times, a group calling itself the Hong Kong Culture and Arts Group also lashed the idea of a temporary Beijing-appointed assembly. The scheme is an "open attack on the basic principle that 'Hong Kong people will govern Hong Kong,'" the advertisement said, referring to a 10-year-old Chinese pledge on autonomy.

The group, comprising some 220 leading media personalities, writers, and politicians, including independent legislator Emily Lau and appointed legislator Christine Lo, called on Beijing "not to meddle in Hong Kong's internal affairs at its will."

The PWC has already passed a motion to disband Hong Kong's legislature after July 1 1997. Most of Legco will be elected directly in September 1995 under a British-style, one-man one-vote system as proposed by Governor Chris Patten in his political reforms.

The PWC has also targeted the Court of Final Appeal, a project crafted by Britain as the final guarantor of Hong Kong's legal freedoms. China has said judges appointed in it will not be guaranteed places once the territory reverts to mainland rule, even though London and Beijing agreed in 1991 that the judges, including one foreigner, would remain beyond the handover.

Some pro-Beijing analysts argue, however, that China has been "forced" to take the driver's seat, ever since Britain pressed ahead with major changes in the territory's 150-year-old political structure without consulting Beijing. "There are some worries at this juncture, and that is natural," said Wong Siu-lun, a sociology professor at the University of Hong Kong, who is also an adviser to China on Hong Kong affairs. "It is quite understandable that there are some people who are not quite happy with the arrangement," he said. "But it is quite a logical development since there is no cooperation between China and Britain."

Relations between Hong Kong and Britain have been strained since Patten came up with his political reform package in 1992. Disputes over major infrastructure projects, topped by a new airport, have also been irritants. China has blasted the reforms as a violation of the 1984 Joint Declaration, signed by Beijing and London on the colony's handover.

Lu, director of the Hong Kong and Macao Affairs Office, on Saturday declared that the temporary assembly was needed because Britain had "foiled" legislative arrangements for post-1997 government. The PWC's proposal has to be endorsed by the National People's Congress, China's rubber-stamp parliament.

However, China's vice premier and foreign minister, Qian Qichen, was quoted by Xinhua [New China News Agency] as saying China would abide by the principle of "one country, two systems" created by patriarch Deng

Xiaoping to ensure the participation of Hong Kong residents in the post-1997 government.

State Council's Lu Ping Meets Businessmen

HK1212143894 Beijing ZHONGGUO XINWEN SHE
in English 0950 GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (CNS)—The Director of Hong Kong and Macao Affairs Office under the State Council, Mr. Lu Ping, met here today a visiting Hong Kong group comprising members of chambers of commerce run in Hong Kong by 14 countries including Britain, France, Germany, Italy, Japan, and South Korea.

In reply to matters raised by visitors on rights of abode, Special Administrative Region (SAR) passport, civil servants, court of final appeal, and social order, Mr. Lu said that the Basic Law had already had regulations for these matters. Some specific and operational matters are now being intensively discussed by the Preliminary Working Committee (PWC) for the SAR Preparatory Committee. Opinion collected in the PWC will then be submitted to the Preparatory Committee.

On public order in Hong Kong, Mr. Lu pointed out he hoped that functions shown by the disciplinary forces would not be weakened and that members of the forces would be prevented from any draining away. The director added that the mainland side had already struck cooperation with the Hong Kong side in fighting crime and that such cooperation would continue.

As for teaching and learning of English, Mr. Lu said that he did not want to see a downward level of English taught in schools. The director noted that maintenance and then improvement of English teaching and learning was very important to Hong Kong because it is an international city while English is a. international language. Mr. Lu said at the same time that the Chinese language teaching had also to be strengthened.

The director of the economic department of the office, Mr. Zhang Liangdong, briefed the visitors on coordination between Hong Kong and the mainland on large basic constructions. Mr. Zhang said that greater economic coordination between the two places was necessary on a long term basis.

Raises Citizenship Issue

HK1312070994 Hong Kong HONGKONG STANDARD
in English 13 Dec 94 p 1

[By Renato Reyes]

[FBIS Transcribed Text] Lu Ping, China's top official on Hong Kong affairs, yesterday gave the strongest assurance to the territory's 6,000 ethnic minorities that they can apply to become Chinese citizens after 1997 to avoid becoming stateless. His remarks were seen as attempting to calm the fears of ethnic minorities who are worried of becoming stateless after the territory reverts to China.

Speaking before representatives of 14 international chambers of commerce, the director of the Hong Kong and Macao Affairs Office said second and third generation ethnic minorities could apply for Chinese nationality after 1997. This means successful applicants would be guaranteed the right of abode in Hong Kong which comes with the granting of Chinese citizenship. More than 6,000 ethnic minorities, mostly Indians and Pakistanis, have been repeatedly denied British citizenship.

Under Article Seven of the China Nationality Law foreigners or stateless people who abide by China's constitution and laws could be granted Chinese nationality upon application provided they meet one of three criteria—being close relatives of a Chinese citizen having settled in China; or other justifying reasons.

Mr Lu's remarks were welcomed by Hong Kong's ethnic minorities and their supporters, although with some reservations. Ethnic minorities are looking for specific criteria on who can qualify for Chinese nationality.

Krishan Bihari Rathi, 68, the former chairman of the Indian Chamber of Commerce asked: "What about the present generation and those who are advanced in age? "I would be grateful if the right of abode is settled once and for all. I want more firm commitment on the right of abode." Kewalram Sital, chairman of the Council of Hong Kong Indian Associations, welcomed the news. He said Britain had said the present and second generation would be given British National Overseas passports, "and nothing more beyond that".

"Lu Ping's announcement solved this problem and takes away the worry and uncertain future of the people who would be stateless," Mr Sital said.

Legislator Emily Lau said ethnic minorities would like to know what sort of criteria under which they could apply for Chinese nationality. "We want the criteria to be announced so ethnic minorities would know where they stand," she said.

Legislator Jimmy McGregor said China was clearly doing everything possible to reduce the worry about statelessness. "For many years, there has been no clear Chinese position on the right of abode," he said.

Lu Ping on Court of Final Appeal

HK1212115694 Beijing ZHONGGUO XINWEN SHE
in Chinese 1319 GMT 10 Dec 94

[By reporters Gan Zhebin (3927 0772 2430), You Xiayin (3266 1115 5419) and Dong Hufeng (5516 2585 1496)]

[FBIS Translated Excerpt] Beijing, 10 Dec (ZHONGGUO XINWEN SHE)—Lu Ping, vice chairman and secretary general of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], today said that the Chinese side always stands for maintaining cooperation between China and Britain on the Hong Kong

issue, and the issue is whether the British side has sincerity for this. He warned that people should not have any unrealistic illusions about the British side. [passage omitted]

Some reporters asked about the issue of the Court of Final Appeal, and Lu Ping stressed that the Chinese side will fully carry out the agreement reached by the Chinese side and the British side in 1991 on this issue. He said: If the British side establishes the Court of Final Appeal completely according to that agreement before 1997, the Chinese side will welcome such action; but we cannot but make preparations for another possibility. That is, if the British side does not establish the Court of Final Appeal before 1997, what should we do then? The PWC Political Affairs Group is considering this issue in order to make preparations against the second possibility, and does not negate the validity of the Sino-British agreement in 1991.

When answering questions about the SAR passport, Lu Ping said that the passport has been designed. In the next step, the Chinese Government will try to make reciprocal visa-exemption arrangements with as many countries as possible through various diplomatic channels. He hoped that the British side would also offer cooperation in this regard.

Lu Ping said: As for the BNO [British National Overseas] passports issued by Britain, we have expressed willingness to adopt a cooperative attitude through the Sino-British Joint Liaison Group. It is hoped that the British side will set an example and take the lead in offering visa-exemption status to SAR passport holders.

SAR Can Re-Appoint Judges

HK1312061094 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 94 p 2

[By Linda Choy in Beijing and So Lai-fun]

[FBIS Transcribed Text] The post-1997 government has the right to reappoint judges, despite a Basic Law provision allowing judges to remain in office after the changeover, senior Chinese official Lu Ping said yesterday.

Mr Lu, director of the State Council's Hong Kong and Macao Affairs Office said the Special Administrative Region (SAR) would introduce measures for the reappointment of judges. He said: "The Basic Law does provide for the judges to stay in office, but the questions are how they are going to stay and what procedures should this involve?"

Unlike the setting up of the first SAR Government and legislature, the judiciary's transition was not backed by any National People's Congress decision.

The lack of clarity in the Basic Law meant the SAR Government would have to come up with its own

procedures, he said. Mr Lu was elaborating on comments on Saturday that the Basic Law did not guarantee the judiciary a "through-train".

Those remarks, at the closing of the Preliminary Working Committee plenary session, prompted Governor Chris Patten to say the lack of a through-train threatened the rule of law.

Article 93 of the miniconstitution stipulates judges and other members of the judiciary serving in Hong Kong before 1997 remain in employment and retain their seniority with pay, allowances, benefits and conditions of service no less favourable than before.

But Article 88 says judges should be appointed by the Chief Executive on the recommendation of an independent commission composed of local judges, persons from the legal profession and eminent persons from other sectors.

Leader of a delegation of representatives from 14 overseas business associations in Hong Kong, Paul Cheng Ming-fun, quoted Mr Lu as saying the judiciary structure could be maintained, but judges must be re-appointed.

Mr Cheng said he hoped there would not be serious problems in the process of re-appointment, but the matter should be handled by the SAR Government.

A local delegate to the Chinese People's Political Consultative Conference Chow Charn-ki, said Mr Lu's remarks did not contradict the Basic Law.

It was impossible for China to take on the present judicial personnel in full if it considered some of them unacceptable, he added. The actual outcome might be little or no change. Mr Chow said, but Mr Lu wanted to reiterate that the SAR Government reserved the right to screen the judges. He said to ensure that judges could straddle 1997 both sides should discuss the appointments ahead of the changeover. Discussion of judges' appointments would not undermine judicial independence because the present system—under which the Judicial Service Commission is to make recommendation on appointees—was also a kind of vetting procedure, Mr Chow said.

Discusses Provisional Legislature

HK1112084194 Hong Kong SU'DAY HONGKONG STANDARD in English 11 Dec 94 p 2

[By M Y Sun in Beijing]

[FBIS Transcribed Text] China's top man on Hong Kong affairs, Lu Ping, has ruled out any hope of Beijing agreeing to endorse British-appointed judges to the Court of Final Appeal (CFA). Confirming the judges in their positions had nothing to do with China, he said yesterday. "It is up to the Special Administrative Region (SAR) government to do so. As stipulated in the Basic

Law, the judges should be appointed by the chief executive on the recommendations of an independent commission and endorsed by the legislature," he said.

But that is not how Britain sees it at the moment. It has been pushing Beijing to give its blessing to its draft CFA Bill to ensure that the judges will be on the judicial "through train" to 1997. The issue is on the Joint Liaison Group (JLG) agenda and Britain wants it discussed at next week's JLG meeting so the CFA Bill can be put to the Legislative Council in the spring.

In spite of mounting pressure from the administration, both the barristers' Bar Association and the solicitors' Law Society are strongly opposed to the CFA Bill.

Mr Lu's statement now makes it certain that there will be further delays in tabling the bill. It also increases the probability that Hong Kong may have no CFA to replace the Privy Council before 1997. The Privy Council will have no jurisdiction over Hong Kong after 1997.

Lawyers have argued that the way Britain intends to set up the court will lead to a third-rate bench. Mr Lu yesterday joined in this aspect of the debate by saying China had no wish to see a third-rate CFA. "Only a first-class one will be acceptable," he said. "If the British are unable to set up a first-class court, then they should just not do it."

He also said the Chinese side had never abandoned the 1991 agreement with Britain on this institution. Although the Preliminary Working Committee (PWC) had begun to study the feasibility of setting it up in 1997, it was only for contingency reasons. Mr Lu said the PWC had now to look into various contingencies because the British government could no longer be depended upon to implement agreements. Mr Lu's comment on the CFA debate is one of the clearest statements yet of Beijing's position. It came during a wide-ranging press conference marking the end of the fourth plenary of the PWC.

On the provisional legislature, another vexing issue for some sections of the Hong Kong community, Mr Lu said there was no way that its term could be shortened to less than a year. He put it down to technical problems. Ten Legislative Councillors would have to come from an electoral college—the Election Committee—made up of people from various sectors, including the District Boards and municipal councils.

Mr Lu said that in order to form this committee, elections must first be held for the District Boards and municipal councils. "It will take more than a year to hold all three sets of elections, so it is technically difficult to shorten the term of the interim legislative assembly."

These comments came as Hong Kong liberals, media personalities and film stars canvassed the crowded Causeway Bay shopping district to collect signatures to condemn the PWC and oppose what they called the "illegal provisional legislature proposed by the PWC".

Mr Lu reiterated that there was no other acceptable option to a provisional legislature. He said, however, that the powers and functions of this body would be restricted. "Only laws which absolutely need to be passed would be adopted by the provisional legislative assembly. All laws of no immediate need should be made after the first SAR legislature is formed."

On the Preparatory Committee which will be entrusted with the job of setting up the post-1997 government, Mr Lu confirmed it would be based in Beijing and would have a liaison office in Hong Kong. He also indicated it would employ top-level staff from both China and Hong Kong. He said the PWC would be looking into the details. It would also look into coordinating the roles of the Preparatory Committee and the "shadow government".

The PWC's agenda for the new year will include the formation of a Selection Committee to choose the chief executive, the provisional legislature, statutory bodies, district organisations and the CFA.

Mr Lu said he welcomed statements by Britain that it wanted to resume working relations with China and the Preparatory Committee. He said China would negotiate with Britain in the JLG on ways of co-operation, but added that it would depend on how it treated the PWC.

Legislative Councillor Jimmy McGregor was strongly critical of the situation regarding right of abode. "This is an international city and I think the question of confidence by people who make substantial contributions to the development of Hong Kong and who are themselves substantial investors in Hong Kong—and for that matter China—these people will feel uneasy about a situation which will not be resolved in regard to their right of abode until after 1997.

"There are now hundreds of thousands of people living and working in Hong Kong who will not know until after 1997 whether they will be allowed to have the right of abode here," he said.

Zhang, Patten Remark on Court

HK1212070894 Hong Kong HONGKONG STANDARD
in English 12 Dec 94 pp 1, 2

[By Moira Holden and Wilson Wan]

[FBIS Transcribed Text] A deputy director of the Xinhua News Agency—China's de facto consulate—has urged the government to boycott the Legislative Council and leave the Court of Final Appeal (CFA) issue solely to Sino-British negotiations.

Speaking on the eve of a Joint Liaison Group (JLG) meeting, Mr Zhang Junsheng said the CFA was so important it should be discussed only by the Chinese and British sides. He accused the Hong Kong government of using "delaying tactics" and called for it to keep to the agreement reached between Britain and China in 1991.

"Giving discretionary power to Legco to decide the CFA issue means putting the body above the Chinese and the British governments."

But Attorney-General Jeremy Mathews immediately posted notice yesterday that the government would introduce the bill next year and he wants to see the CFA set up a year later.

A new controversy surrounding the CFA emerged shortly after the director of the Hong Kong and Macau Affairs Office, Lu Ping, warned that judges would not be guaranteed their positions on the CFA after the transfer of sovereignty in 1997.

Governor Chris Patten, speaking before a three-day visit to Korea and Japan, said he was "slightly surprised" at Mr Lu's remarks and urged clarification of his comments. He said the remarks appeared to be a "flat contradiction" of Basic Law Article 93. Article 93 serves to ensure judges working in the territory before 1997 will remain in their posts with employment conditions and benefits unchanged.

Mr Patten warned: "We think that it's extremely important for confidence in the future that there should not be questions raised about Hong Kong's institutions, about Hong Kong's judges, about matters like right of abode and immigration issues. If Article 93 were not to apply, it would not just have an impact on the recruitment of judges in the future—it would have an impact on the whole rule of law."

Mr Mathews said the matter would be raised in the JLG talks in London, beginning tomorrow.

"I find it difficult to understand on what basis the bill wouldn't find acceptance by the Chinese," he said. He refused to pre-empt arguments from Beijing, and said: "Let's see what the questions are and have them addressed in a comprehensive, detailed way." But he stressed the draft document conformed to the Joint Declaration and the Basic Law.

Last week, the Bar Association overwhelmingly rejected the draft document, alleging it breached the Joint Declaration and the Basic Law. The Law Society Council supported the proposals but rebel members of the society are to hold an extraordinary general meeting later this month in a bid to overturn the council's ruling.

Hong Kong Preliminary Committee 'Success'

HK1212152794 Beijing ZHONGGUO XINWEN SHE
in English 1308 GMT 12 Dec 94

[FBIS Transcribed Text] Beijing, December 12 (CNS)—Striking success has been achieved by the one-and-a-half-year-old Preliminary Working Committee (PWC) for the Special Administrative Region (SAR) Preparatory Committee which was hastened by the "three violations" committed by the political proposal put forward by the Hong Kong Governor Mr. Chris Patten. The "through train" arrangement was therefore

broken down because of the violations and the Chinese side could not help undertaking preparations for a new political structure for 1997 when the territory will revert to China. The PWC is now at a stage which cannot but be given much attention no matter how much praise, shock, depreciation, and abuse it has received during its operation.

Following hard work this year, all subgroups of the PWC have turned out substantial results for submission to the Fourth Plenary Session of the PWC which will cover 11 written proposals prepared by all subgroups and a lot of opinion yet to be further improved including opinion and methods for immediate solution to some current problems which are urgently needed to be solved.

Take the economic subgroup for example, it has played a driving role in suggesting a lot of constructive proposals including those on establishment of a joint committee to coordinate cross-border infrastructure projects and improvement of administration of Shenzhen Port.

Success achieved by the PWC during the past year is now known and accepted by more and more Hong Kong people. Persons having political minds to some extent can no longer turn a blind eye to the following facts.

First, the PWC is a working group under the National People's Congress. Proposals discussed and formed by the PWC will be presented to the Preparatory Committee and are considered part of early preparations by the establishment of the Preparatory Committee and then the Hong Kong SAR Government. The PWC is different from general consultative bodies and its legitimacy and influence are in no way to be belittled.

Second, the PWC has won broad and intensive confidence from the general public. During the past year about 13 research teams under various subgroups absorbed talented persons from different sectors to work together. Reports on different issues were drawn up by relevant ministries and commissions and by Hong Kong's nongovernment groups and research institutions which were either trusted or mobilized in a bid to undertake research and investigation on particular topics. The PWC has also organized many seminars, symposiums, and on-the-spot visits for research and collection of opinions. Such issues as recognition of academic attainments after 1997, textbooks, public housing, and civil servants were under these circumstances raised directly from people from various sectors to the PWC for discussion.

Third, research work done by the PWC and its results are known for their high quality and efficiency as well as for aiming at correct targets, feasibility, and specialization. A proposal for creation of the provisional legislative body is considered one of the typical results achieved by the PWC. Opinions featuring some principle and policy orientation have been collected in seminars held by the PWC in Hong Kong on two occasions on the exchange rate system pegging the Hong Kong dollar with foreign

currency and on economic and trade relations between the territory and the mainland after 1997.

The PWC is now drawing a growing number of Hong Kong people to its side who will give up their wait-and-see attitude and rather lend their support to the PWC. Cohesion or public credibility shown by the PWC will undoubtedly increase.

As the PWC cannot be rejected or ignored, one has to pay much attention to this group. Otherwise one will be at one's own expense by employing an attitude of no contact, no recognition, and no cooperation regarding the PWC.

Editorial on Principle for Smooth Transition

HK1212143994 Hong Kong WEN WEI PO in Chinese
11 Dec 94 p A2

[Editorial: "Uphold the Principle of Relying Mainly on Our Own Efforts To Achieve a Smooth Transition"]

[FBIS Translated Text] In his closing address delivered at the Preliminary Working Committee [PWC] plenary session yesterday, Qian Qichen, vice premier, foreign minister, and PWC director, once again expounded in depth the principle of relying mainly on our own efforts to achieve a smooth transition of power in Hong Kong. When the transition period enters the crucial year 1995, two and a half years away from Hong Kong returning to Chinese sovereignty, it is of great importance for Qian to reiterate the principle of relying mainly on our own efforts to effect a smooth transition.

The principle was clearly advanced by President Jiang Zemin when he met with PWC members en masse in July this year during the Third PWC Plenary Session. Over the last six months, the PWC has further studied the problems concerning a smooth transition and Hong Kong people's immediate interest and has provided a framework for the organization of the future special administrative region [SAR] government by toeing this principle and by integrating the principle of "one country, two systems," the stipulations in the Basic Law, and the National People's Congress resolutions with Hong Kong people's active participation in preparation for a smooth transition. Facts prove that by upholding the principle of mainly relying upon our own efforts to achieve a smooth transition, we can be immune to external interferences at any time and under any circumstances, can firmly recover Chinese sovereignty over Hong Kong according to schedule, and can enable the SAR government, which will be set up on 1 July, to operate in time and fully according to the Basic Law.

The principle of mainly relying upon our own efforts has two implications: The support provided by the people of the motherland and the participation of the large numbers of Hong Kong people in preparing the ground for a smooth transition. Since the reform and opening up was introduced, China's political situation has become increasingly stable and its economy and overall national

strength have been on the increase, thus providing the most reliable guarantee for a smooth transition. Just as Deng Xiaoping pointed out, the growth in China's national strength as a result of reform and opening the country to the rest of the world is the main reason why the Hong Kong issue could be settled 10 years ago according to the concept of "one country, two systems." Now that China has further prospered and is playing an increasingly important role in international affairs, this provides a more reliable guarantee for a smooth transition.

Qian pointed out that the great concept of "one country, two systems" was based on Hong Kong's future and China's long-term development strategy. The eye-catching success China has scored in the great cause of reform and opening up over the last 10 years following the signing of the Sino-British Joint Declaration and Hong Kong's further economic growth and prosperity in the transition period have proved the great vitality and appeal of various policies formulated under the principle of "one country, two systems" and the increasingly close flesh-and-blood ties between Hong Kong and the motherland, which are as close as lips and teeth and share joys and sorrows. Given a powerful and prosperous motherland, Hong Kong will certainly have a bright future.

Since the central government has adopted a correct policy toward Hong Kong and has represented the long-term interest of the Chinese people, including Hong Kong people, more and more Hong Kong people who love the motherland and Hong Kong have gathered under the banner of "one country, two systems" and the Basic Law, actively taking part in preparing for a smooth transition. Especially since Britain suddenly changed its Hong Kong policy and flagrantly implemented Chris Patten's "three violations" constitutional reform package, the broad masses of Hong Kong people have established close ties with the people on the mainland and actively participated in Hong Kong affairs, suggesting ways and means to ensure a smooth transition and Hong Kong's stability and prosperity. Since its founding in July last year, the PWC has looked toward and drawn strength from Hong Kong people and thus effectively encouraged local people in all walks of life to actively participate in the work of preparing the ground for a smooth transition. The large numbers of Hong Kong people can tell from their personal experience that Beijing has attached great importance to their participation in Hong Kong affairs by involving them in specific tasks for setting up the SAR, including drafting the Basic Law, engaging Hong Kong affairs advisers and regional affairs advisers, and setting up the PWC. The PWC is now encouraging more Hong Kong people to participate in local affairs and soliciting their opinions in various ways so that every tangible program it will design accords with Hong Kong people's wishes and interests and will be readily put into effect. Again, from Hong Kong people who actively participate in Hong Kong affairs, we can discover and select competent people to

facilitate the smooth operation of the SAR government, which will be set up on 1 July 1997.

Relying mainly on our own efforts to achieve a smooth transition is our basic stand. In his opening speech on 8 December, Qian said: "In the remaining period before Hong Kong returns to the motherland, we sincerely hope the British side will come back to the course of complying with the Joint Declaration and of cooperating with the Chinese side." The British side has repeatedly expressed their desire to improve Sino-British relations, which is welcomed by the broad masses of Hong Kong people. However, they must show their desire for cooperation in their deeds. First of all, they must change their attitude toward the PWC; otherwise, only prating about cooperation will not help improve bilateral relations. The British side should be aware that cooperation is in the interests of the British side as well as China and Hong Kong, but the Chinese side has never pushed smooth transition onto other people. The fact that while reiterating the principle of mainly relying on our own efforts to achieve a smooth transition, Qian sincerely hoped the British side would return to the course of cooperation clearly demonstrated the Chinese side's position on smooth transition and on Sino-British cooperation. Such a position is fair and sensible, so it enjoys popular support.

Minister Wu Yi on Post-1997 Economy

OW1312102394 Beijing XINHUA in English 0959
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—A high-ranking Chinese trade official today encouraged all foreign businesses in Hong Kong to keep their minds on development and not to worry about the power transfer in 1997 [XINHUA Domestic Service in Chinese at 0817 GMT on 13 December in a similar report reads: keep their minds on development and make new contributions to maintaining Hong Kong's prosperity and stability].

When Hong Kong returns to China, "we will strictly implement the policy of 'One Country, Two Systems' and safeguard Hong Kong's prosperity and stability in line with the Basic Law," said Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation.

Only 931 days are left in the run up to that reversion, the minister said.

Furthermore, "we will propel the expansion of economic ties between the mainland and Hong Kong with a view to fostering common prosperity," Wu said.

Wu made these remarks in a meeting with a delegation from a dozen foreign chambers of commerce in Hong Kong, headed by Paul M.F. Cheng, Chairman of Inchcape Pacific Ltd.

As far as Hong Kong's economic and trade systems are concerned, at least, three "no changes" can be assured after China resumes exercising its sovereignty over Hong Kong:

"There will be no change in Hong Kong's status as a free port, no change in its free trade regime, and no change in its status as an international hub of trade, finance, transportation and information," said the Chinese trade minister.

"Don't worry," she told the business leaders in English, and asked them to "feel at ease and be aggressive" when they invest in Hong Kong.

Economic growth in Hong Kong will not only be conducive to the region's prosperity and stability, but will also bring benefits to all foreign businesses, Wu added.

[Variant XINHUA version reads: During the meeting, Wu Yi also briefly answered the visitors' questions concerning the reform of China's taxation and foreign trade systems.]

Official on Future Partnership With Hong Kong

HK1312060594 Hong Kong WINDOW in English 9
Dec 94 pp 20, 21

[“Excerpts” of speech by Gan Ziyu, vice chairman of the State Planning Commission and member of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region, at a conference in Hong Kong on economic and trade ties between Hong Kong and China after 1997; date not given: “Partnership of Equality and Mutual Benefits”]

[FBIS Transcribed Text] As economic relations between Hong Kong and the mainland are getting closer and the day China will resume its exercise of sovereignty over Hong Kong draws near, more and more people are following closely the economic and trade position of the future Special Administrative Region (SAR) of Hong Kong and its post-1997 economic and trade ties with the mainland.

It is opportune today to give an early clarification so as to iron out suspicion and realise the smooth transition. Here I would like to share with you some of my thoughts on these issues.

First, I would like to talk about the special economic and trade status of the Hong Kong SAR.

Features: Based on the Basic Law of the Hong Kong SAR, the territory will enjoy a special economic and trade status after 1997 within the sovereign country of China, which will bear the following features:

Continued implementation of the previous social, economic and legal system of the capitalist society. Some friends are concerned that after 1997, the current capitalist system in Hong Kong could be changed. This concern I deem unnecessary. Just as Deng Xiaoping has said, after 1997, there will be no change in the policy of "one country, two systems" for 50 years and it will remain unchanged for a long run after these 50 years.

Once a friend told me of his apprehension over possible infringement on his property by the post-1997 government. I told him that if I had money, I would consider setting up a company specialised in covering the national risk, for instance, a company that would offer insurance against nationalisation because it will certainly be an ever-profitable business. However, my intention of citing this example is not to make money. On the contrary, I hope Hong Kong people and all the investors from whatever country will have confidence in the continuity of the existing system of Hong Kong and that this insurance company would have no business.

Autonomy in the formulation of strategies and policies suitable to Hong Kong's economy after 1997. This will be decided by the people of Hong Kong. The central government will follow the economic development of Hong Kong but will not hand out instructions on economic and trade affairs. For example, the State Planning Commission will not issue mandatory instructions as to how many kilometres of railways should be built in the territory or how many power plants should be set up.

However, with the ever closer economic and trade exchanges between Hong Kong and the mainland coordination is necessary in many fields such as large-scale infrastructure. Such coordination is to be achieved through consultation on the basis of equality and mutual benefits instead of orders or instructions given by one side or the other.

Independent finance and taxation. All fiscal revenues of Hong Kong will be used to meet its own needs instead of being turned over to the central government. The central government will not levy taxes in Hong Kong and the mainland's tax system will not be carried out in the territory. The SAR government will make decisions on tax rates, tax preferences or exemption and other tax related issues at its own discretion.

Independent monetary and financial system. A monetary and financial system and policies different from those on the mainland will be implemented in Hong Kong and the Hong Kong dollar will continue to circulate in the territory as legal tender, with the right of issue held by the SAR government. There are no subordinate relations in administration between the Hong Kong financial administrative authorities and those on the mainland.

Here, I would like to clarify a news report. On November 14, an article in a Hong Kong newspaper cited a so-called statement by Zhu Xiaohua, deputy governor of the People's Bank of China, that the Hong Kong dollar will gradually be replaced by the renminbi after 1997. I don't know whether this was a misquote, but I want to tell you this report is totally untrue.

I happen to keep an article carried in the Singapore newspaper, the Straits Times, which is able to give justice to the remarks attributed to Mr Zhu, with the title Hong Kong Dollar Will Continue to Circulate in Hong

Kong after 1997, and I personally received confirmation of this from Mr Zhu himself.

Legal tender: Even if in the future the renminbi becomes fully convertible, the Hong Kong dollar will remain legal tender in Hong Kong.

Hong Kong as a free port. The free trade policy will continue in Hong Kong, with free trade, free enterprise and free convertibility of the currency as its main contents. Goods and capital are free to move without the imposition of any foreign exchange control. Though there has emerged the growing trend of trade protectionism in some countries. I am confident that the future Hong Kong will continue to open its doors to the outside world and will not seek benefits by putting up tariff or non-tariff barriers.

Overseas relations. The Hong Kong SAR, as a separate customs territory, will maintain and develop independent economic and trade relations with various countries and regions, sign international economic and trade agreements and participate, in the name of "China, Hong Kong," in international economic and trade organisations which do not take a country as the unit. The SAR will also be able to express views in such organisations in the name of "China, Hong Kong" and as a member of the Chinese government delegation. It is also entitled to set up official or semiofficial economic trade establishments in foreign countries when the need arises.

Maintenance of such a special economic and trade position by Hong Kong is the specific manifestation of the "one country, two systems" policy. Only in this way can normal operation of Hong Kong's original economic system be ensured, its position as the international financial, trade and shipping centre maintained and the long-term prosperity and stability of Hong Kong guaranteed. On the other hand, only when Hong Kong remains stable and prosperous can it go on to play an important and positive role in the economic development of the mainland. Therefore, the series of regulations in the Basic Law concerning Hong Kong SAR's economic and trade position is by no means an expediency; it is the fundamental state policy in line with the fundamental and long-term interest of both Hong Kong and the mainland.

Partnership: I would like now to dwell on the economic and trade relations between Hong Kong and the mainland, which I think should be a partnership based on equality and mutual benefits.

Given the special economic and trade position of Hong Kong under the capitalist economic system and the continued implementation of the socialist economic system on the mainland, the economic and trade relationship between Hong Kong and the mainland after 1997 may be defined as one of equality, mutual benefits and common development between two separate customs territories with different social and economic systems within one sovereign country. In other words, this

kind of relationship is neither the administrative relationship between the higher authority and its subordinate, nor the pure "win-lose" competitive relationship between commercial rivals, but a partnership based on equality and mutual benefits.

Because of this special partnership, the following basic policies need to be implemented:

The Basic Law and other relevant laws shall be strictly implemented so as to make them the fundamental legal basis in handling the economic and trade relations between the two sides after 1997. And the maintenance of Hong Kong's long-term prosperity and stability, the promotion of economic development of the mainland and the cementing of bilateral economic and trade relations shall be made the fundamental policy objectives in expanding these relations.

The economic and trade relations between the mainland and Hong Kong shall operate in the same way as those when dealing with foreign trade and economic relations, and prevailing practices of international economic and trade activities shall be followed.

Investment: Trade between the two sides shall be deemed as import and export trade. Investment in the mainland by Hong Kong enterprises and that in the mainland by other countries or regions through Hong Kong shall be considered as foreign investment which is qualified to enjoy various preferential treatment available to foreign investment. Investment in Hong Kong by mainland enterprises shall be treated as overseas investment and these enterprises shall be examined for approval by the competent authorities under the State Council in accordance with the administrative rules governing overseas investment.

Economic and trade laws and regulations, policies and measures of the central government governing enterprises in the mainland will not apply to Hong Kong. In a bid to ensure that this principle be adopted by all localities, departments and enterprises, the uniformity of the economic and trade policies of various departments and provinces towards Hong Kong shall be strengthened by emphasising the uniformity in such links as policy formulation, promulgation and implementation. We shall ensure that the government of the Hong Kong SAR can independently administer the economic and trade affairs of the territory such as tariffs, allocation of quotas and issuance of certificates of origin in accordance with its own laws and regulations.

Economic disputes between enterprises in Hong Kong and the mainland shall be handled in the light of prevailing international practices either through arbitration or judicial procedure. In the event when the relevant laws and regulations of the People's Republic of China are invoked, the foreign-related clauses and regulations shall apply. In the Arbitration Law of the PRC recently adopted by the Standing Committee of the National People's Congress, there are specific foreign-related arbitration clauses.

The international nature of Hong Kong's economic and trade activities shall be backed up. The value of Hong Kong lies in its economy, while one of the key elements in preserving its economic value is the maintenance of its international posture. We shall pay attention to maintaining and expanding the international space in which Hong Kong's economic and trade will develop.

Autonomy: The high degree of autonomy the SAR will enjoy shall be guaranteed according to the Basic Law and active support shall be given to Hong Kong in expanding its foreign trade and to efforts by the SAR government to safeguard the interests of Hong Kong in the international economic field without any prejudice against the country's sovereignty or its overall interests.

We shall also encourage capital from various countries to develop in Hong Kong, to operate according to law and to conduct fair competition, and we shall safeguard their legitimate rights and interests so as to maintain the image and prestige of Hong Kong as an international metropolis.

In 1997 when China resumes the exercise of sovereignty over Hong Kong, the mainland will be at a critical moment of realising the second-phase strategic objectives of the socialist modernisation drive, which will present new opportunities for the development of economic and trade relations between the two.

To grasp these opportunities, we shall promote the all-dimension, multi-layer, diverse-discipline and high-profile cooperation and coordination in such fields as scientific and technological development, high and new technological industry and infrastructure construction. In this way, we can upgrade the present separate and complementary cooperation to a new level of structural cooperation mutual beneficial to both.

Financier on Qualities of Future Chief Executive

HK1312075294 Hong Kong MING PAO in Chinese
9 Dec 94 p A4

[“Special dispatch” from Beijing by Tsai Yang-mei (5591 2799 4168) and Tu Fu-liang (2629 4395 5328): “Li Ka-shing on Qualifications of Future Chief Executive of Special Administrative Region”]

[FBIS Translated Text] There have been many stories about candidates for chief executive of the future special administrative region [SAR], including, at different stages, some Preliminary Working Committee [PWC] members themselves; however, they have steadfastly

avoided questions about the issue. But Li Ka-shing, chairman of Cheung Kong Holdings and a PWC member, has commented on the issue in Beijing over the last two days. The future SAR chief executive, Mr. Li said, should not be a businessman with multiple business relationships in the commercial sector. He said yesterday that businessmen are involved in a great deal of business competition, citing the real estate industry as a prime example.

Apart from Li Ka-shing, Henry Fok, Vincent Lo Hong-sui, David Li Kwok-po, Leung Chun-ying, and Lo Tak-shing have also been rumored to as likely future SAR chief executives. Businessman Vincent Lo Hong-sui conceded that there would be a conflict of interest if a businessman was made chief executive.

However, some PWC members believe that if a candidate gives up his business, or places his business pursuits under supervision, there would not be conflict of interest and he could still fill the position. Li Ka-shing, commenting on the qualifications of the future chief executive, said: “He must be of good character, capable, and have individual qualities. He will think in terms of the welfare and interests of the Hong Kong people. The country will benefit too when Hong Kong people are taken care of.” He also said there would be problems with a government official as chief executive.

Li did not say anything when questioned by reporters what he meant by good character, other than that there would be a “definition” in time. Grilled by reporters, he said that he had no intention of being the future chief executive, but quickly corrected himself by saying: “...not that I have no intention, but I am not qualified....” PWC member Vincent Lo Hong-sui said that it is inevitable that there would conflicts of interest if the chief executive was a businessman. Lo did not answer directly when asked if a candidate engaged in the real estate industry had more interests involved, only remarking that any person engaged in large-scale investment or projects is likely to face the issue of interest relationships. Li Kwok-po, a legislative councillor representing the banking constituency and a PWC member, said there would not be any problem for a businessman or a government official to be chief executive, but candidate must give up all business to avoid conflicts of interest.

Leung Chun-ying, Hong Kong chairman of the PWC political affairs panel, stressed that it is still too early to talk about the chief executive issue, saying there are still two to three years left.

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